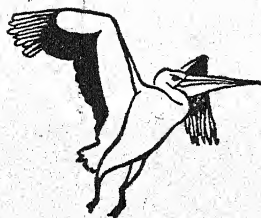


PELICAN BOOKS

**A HISTORY OF THE  
ENGLISH PEOPLE  
IN 1815**

BY  
**ÉLIE HALÉVY**

BOOK II: ECONOMIC LIFE



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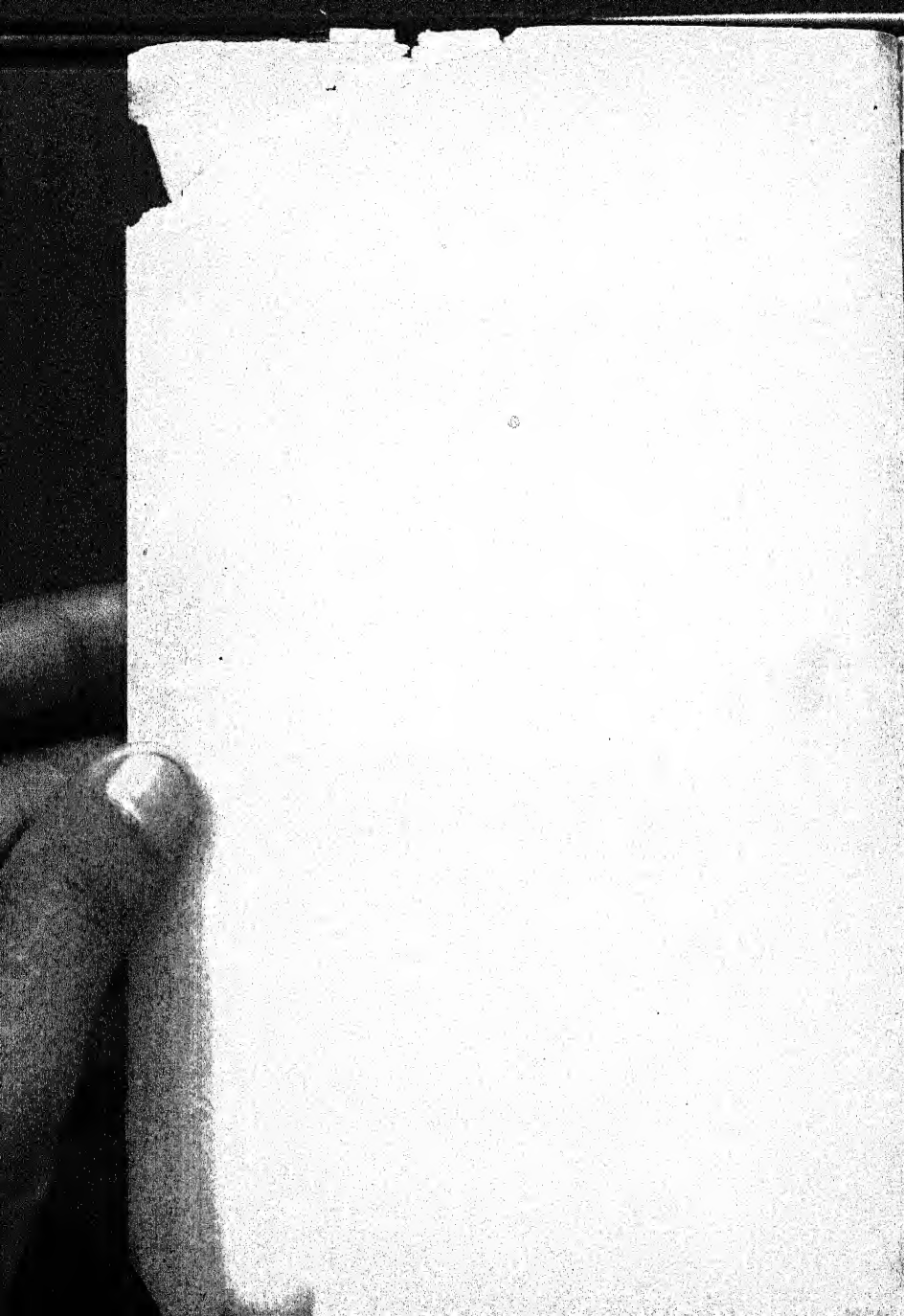
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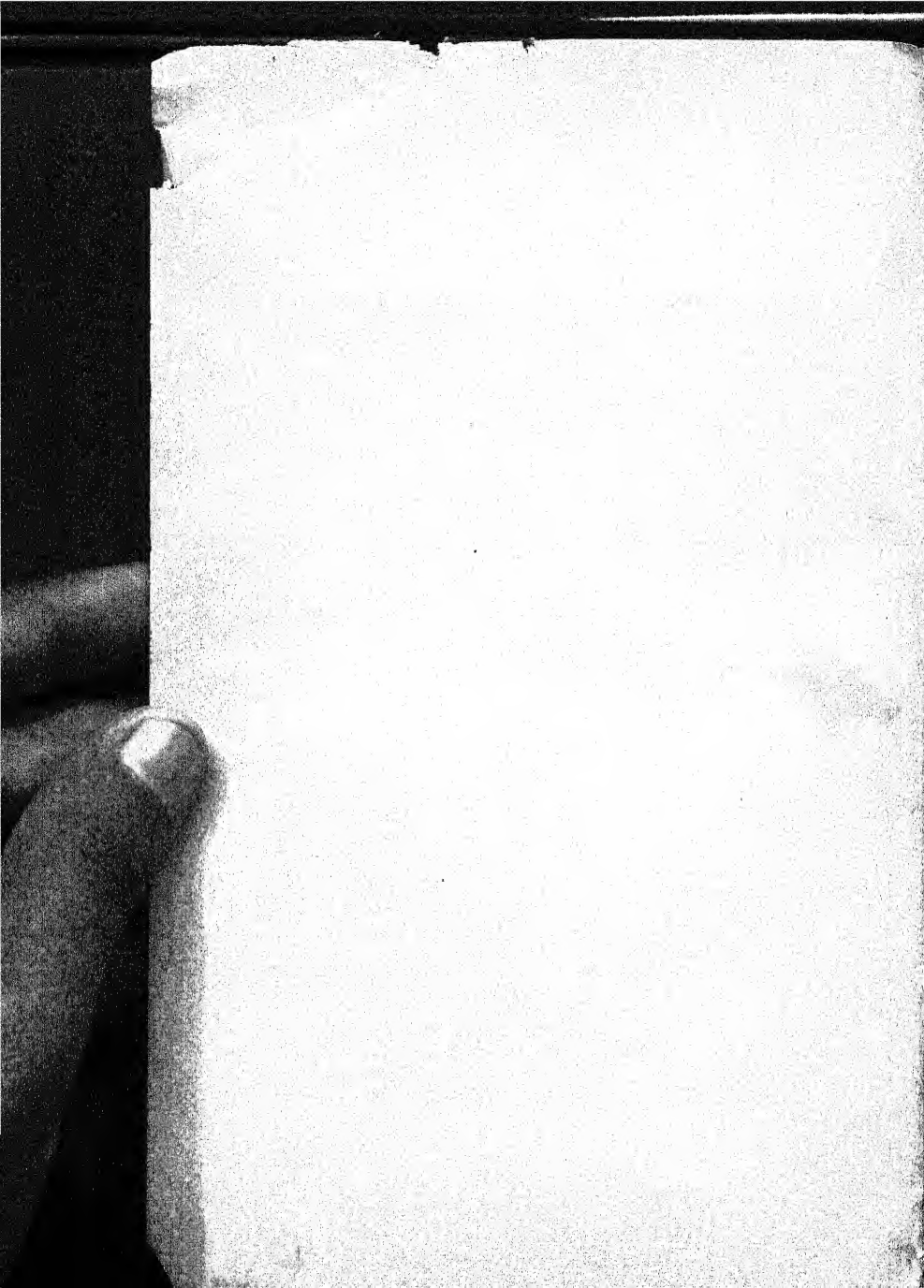
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A HISTORY OF THE ENGLISH PEOPLE  
IN 1815

BOOK II: ECONOMIC LIFE



## ECONOMIC LIFE

Is it not perilous for a nation to sacrifice its agriculture to the development of its industries, and thereby to become dependent upon the foreigner for the satisfaction of its most elementary needs? In the course of the 19th century England deliberately made the experiment, and it was in 1815 that the problem for the first time came definitely before public opinion. Although fifty years had already gone by since the days when England exported corn and imported manufactured articles, the methods of agriculture had been so greatly improved, and the state of universal war had made the regular importation of cattle and corn so difficult, that, until the advent of peace, agriculture had remained very prosperous, despite the enormous growth of industry. The farmers had kept, so to speak, the monopoly of the national market. It was only to supply a slight excess of demand over supply—amounting, according to some estimates to a twenty-fifth, according to others to a fortieth of the consumption of corn<sup>1</sup>—that it had been necessary during the preceding ten years to import foreign corn. In 1812 and 1813

<sup>1</sup> It is difficult to obtain exact statistics. Sir Henry Parnell (H. of C., May 5, 1814, *Parl. Deb.*, vol. xxvii. p. 713) estimated the average annual import of corn at 700,000 quarters, amounting, according to him, to a twenty-fifth of the total consumption, which would therefore have amounted to 17,500,000 quarters. Western, however (H. of C., May 16, 1814, *Parl. Deb.*, vol. xxvii. p. 903), estimated the average annual import at 1,000,000 quarters, the total consumption at 35,000,000 quarters. According to Gascoyne (H. of C., February 22, 1818, *Parl. Deb.*, vol. xxix. p. 962), who, however, does not give any figures, the import amounted to a fortieth of the consumption. On what basis should the total consumption be calculated? Baring (February 22, 1815, *Parl. Deb.*, vol. xxix. p. 967), following Adam Smith, proposed to reckon a quarter for each inhabitant. We should obtain from this a figure closely approximating to that of Sir Henry Parnell.

exports once more exceeded imports.<sup>1</sup> It was, nevertheless, undeniable that the equilibrium of the English economic system had been completely destroyed. It was in vain that the orators attached to the agricultural interests persisted in claiming that half of the population was engaged in agriculture. For some years past statistics had given them the lie.<sup>2</sup> According to the census returns for 1811, there were only 6,129,142 persons employed in agriculture and mining, as against 7,071,989 persons in commerce, navigation and manufacture. Agriculture and mining produced a revenue of £107,246,795; commerce, navigation and manufactures a revenue of £183,908,352.<sup>3</sup> What would be the effect of this destruction of equilibrium now that the restoration of peace had made the relations between England and the outside world once more peaceful and normal? It was a grave problem; and all Englishmen realized its gravity.

Nor was the anxiety which led to the introduction into Parliament of a new tariff policy confined to the landed proprietors who were directly threatened. Even among the exponents of the new political economy, free-traders by principle, there were many who were unwilling to see England become, like ancient Tyre or mediæval Venice, a purely commercial or industrial State, compelled to purchase her bread and meat of the foreigner. Malthus was opposed

<sup>1</sup> *Corn Trade Report*, 1813, p. 7. Export of corn in 1812 = £1,498,229; import = £1,213,850.

<sup>2</sup> H. of C., February 17, 1818, Brand's speech (*Parl. Deb.*, vol. xxix, p. 833).

<sup>3</sup> Colquhoun, *Wealth . . . of the British Empire*, p. 109. For other statistics bearing on this point see pp. 55, 89. We must not forget that these figures are conjectural. For a period slightly anterior, see Gentz, *Essai sur l'état actuel de . . . la Grande-Bretagne*, 1800, especially pp. 30, 82, and Arthur Young's estimates, greatly exaggerated in favour of the landed interests (Sinclair, *History of Public Revenue*, 3rd. ed., 1803, vol. iii, p. 339). Moreau de Jonnés (*Statistique de la Grande-Bretagne*, vol. i. pp. 301 sqq.) criticizes several attempted estimates of the national wealth, and of the revenues of different classes made since the opening of the 18th century.



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to the free importation of corn, if it involved this consequence. Ricardo and his disciples, in order to recommend their policy of free trade to the country, struggled to prove by arguments of somewhat dubious validity, that it would not produce any such effect. Whatever the correct answer, the country was faced by an economic problem which, during the interval between the Treaty of Paris and the Hundred Days, took precedence over all problems of constitutional reform and of foreign policy, formed the burden of all debates in Parliament and of all the Press polemics, and which finally, in the spring of 1815, led to street riots. Land-owners and manufacturers after long years of fairly cordial agreement suddenly realized that their interests were opposed. They formed two powerful economic parties somewhat similar in their internal organization. To the large estate corresponded the large factory. In both were found the same spirit of enterprise, the same improvement of machinery, the same recourse to banking credit, the same growth of output, the same concentration of capital. We must, therefore, investigate both in British agriculture and British industry what was the grading of activities and incomes, what deference and respect existed between the different classes, and whether the two societies, now ranged in hostile camps, were internally united or disunited. In no country of Europe did the new capitalism, whether agricultural or industrial, owe less to Government assistance. How, on the other hand, had this financial development affected the development of political institutions? Had it been an element of order or of anarchy in English society? Had it made for stability or for revolution?





## CHAPTER I

### AGRICULTURE

#### THE GREAT LANDLORDS IN IRELAND

##### *The Landlord System. Ireland.*

It is impossible to understand the organization, in a given country, of the section of society devoted to the cultivation of the soil without knowing first what is the established system of land-ownership. The obvious tendency of British legislation and jurisprudence was to maintain intact great landed estates. Real property was not subject to the same rules of law as personal property. Its rules must, it would seem, have been devised by lawyers in collusion with a Parliament dominated by an aristocracy of great landowners for the express purpose of rendering impossible either the subdivision or the transfer of land.

Except in Scotland, there was no registration of land. For anything that concerned the transfer of land it was necessary to have recourse to the complicated agency of trustees—that is, if it was desired to apply the contractual system to land, and to subject an estate to the equitable jurisdiction of the Court of Chancery. It was, however, doubtful whether the responsibility of the trustees could be enforced. Hence the purchaser of a property could never be certain that the trustee with whom he had concluded the purchase had not exceeded his legal powers, and that the whole transaction might not be set aside on the appeal of the legal owner. If a landowner died intestate, his personal estate was divided among his children, but the land went entirely to the eldest son. A father possessed, moreover, the power to leave everything to the eldest—both land and capital. He might do even more. The law of entail

enabled him to tie up his real estate in the possession of a series of his descendants; each of the succeeding generations having only a life interest under the strict control of trustees. Everywhere throughout the United Kingdom was to be found this system of great landed estates. Such a statement expresses but the truth—a truth universally admitted. Nevertheless, a statement so general needs qualification. In the first place, to speak without further explanation of a great landed estate, is to speak somewhat vaguely. Great, very great, enormous, are measures impossible of accurate determination. In the second place, a great estate does not necessarily involve large farms—cultivation on a big scale. But the extent of the cultivation is at least as important a factor as the extent of the estate. In the third place, what was true of England and Scotland might not be true of Ireland. What was true of one English or Scottish county was not true of another. Thus our subject becomes complicated and requires subdivision.

Let us first of all take Ireland. Nowhere in the United Kingdom was landlordism so absolute. English economists envied a country where landed property, being rooted in conquest, was free from all manorial obligations and common land existed no longer.<sup>1</sup> Nowhere was partition more difficult. Entails were so common that an estate very rarely came into the market. Nowhere had the formation of big estates been carried so far. The land had been divided among a small number of conquerors of English origin and Protestant religion. The class of small landlords with incomes ranging from £200 to a £1,000 was represented only by a few instances to be found scattered over the counties of Leinster,<sup>2</sup> and in certain districts on the east coast of Ulster<sup>3</sup> and of Munster.<sup>4</sup> In Co. Monaghan there

<sup>1</sup> Wakefield, *Ireland*, vol. i. pp. 242 and 307.

<sup>2</sup> Co. Dublin (where the exception is explicable by the neighbourhood of the capital). Wakefield, *Ireland*, vol. i. p. 258. Co. Wexford (*ibid.*, vol. i. p. 282).

<sup>3</sup> Co. Down (*ibid.*, vol. i. p. 255).

<sup>4</sup> Co. Cork (*ibid.*, vol. i. pp. 250-1).

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still lingered a handful of small proprietors of the Protestant faith, descendants either of Scottish colonists, or of Cromwellian soldiers, to whom the Government had once granted land.<sup>1</sup> Though a few members of the old Catholic gentry were still to be found among the landlords, many of these apostatized in order to belong to the religion of their class.<sup>2</sup> In Ireland there was a great gulf between the English and Protestant landlords, and the Irish and Catholic tenantry.

### *Ireland. Landlords, Agents, Tenants.*

Too few in number to organize in the country any social life worthy of the name, the landlords did not live on their estates. They spent as much time as possible, sometimes their entire life, in Dublin or London, at watering-places, or perhaps on a country estate they might happen to possess in England. This absenteeism, which had been increasing since the opening years of the century, led to a very great evil. The machinery of local government was rendered almost unworkable. There were counties in which it was only just possible to scrape together sufficient proprietors to form a grand jury. Without any attachment to the soil, the landlords' one thought was to extract with a minimum of trouble the maximum amount of money from a population as widely separated from themselves in their ways of life as Jamaica negroes from the slave owners who exploited their labour. Accordingly they put the management of their estates into the hands of men of business, small local solicitors, "agents" as they were termed. The agents, who received a certain percentage of revenue from the

<sup>1</sup> Wakefield, *Ireland*, vol. i. p. 270. Many of the descendants of these Protestant colonists did not derive above £20 annual income from their lands.

<sup>2</sup> Bonn (*Englische Kolonisation in Irland*, vol. ii. p. 174) reckons 4,800 apostacies between 1703 and 1788, most of these among the upper classes. Cf. Wakefield's statistics for the number of Catholic proprietors (*Ireland*, vol. ii. pp. 630-1).

estate, oppressed, in the name of their employer, the cultivators of the soil. At the period with which we are now dealing, owing to the rise in price of all foodstuffs, and owing also to Sir John Newport's Act of 1806 permitting the free export of Irish corn to England and Scotland,<sup>1</sup> rents had been growing constantly higher.<sup>2</sup> This sufficed to persuade the landlord that Irish agriculture was progressing and that the country was prosperous. Trusting to the increase in the revenue yielded by his estate he borrowed from his agent. The landlord was henceforth at the mercy of the very man who was supposed to look after his interests, and it was made impossible for the tenantry to appeal from the latter to the former. The tenantry was, therefore, compelled to satisfy all the agent's demands, and to buy his goodwill with presents to himself, his wife, his daughters, or his mistress. Such was the custom of the country; and it shocked no one. Certainly it mattered nothing to the landlord, so long as he pocketed his rents, and those rents went on increasing. Only it sometimes happened that his debt to the agent increased even quicker. One day the agent would put down his foot, and would either compel the landlord to grant him a lease of the estate on his own terms, or would simply inform him that the whole or part of the estate had now passed into his ownership.<sup>3</sup> This was one of the methods employed by the Catholics to repossess themselves of their native soil. To protect the landlords a statute was passed by which it was made illegal for them to grant leases to their agents.

<sup>1</sup> 46 Geo. III, cap. 97.

<sup>2</sup> "In about fifty years . . . from 1676 the rental of Ireland appears to have doubled. In the next fifty years, it appears to have also doubled. But in the last thirty years, it appears to have increased so as to double in about nineteen years" (Newenham, *View . . . of Ireland*, 1809, p. 232). Arthur Young estimated in 1778 the total rental of Ireland at about £6,000,000, Newenham in 1805 at £15,000,000 (see Young, *Tour*, Part II, pp. 4 sqq.; Newenham, *View*, p. 232). Wakefield, in 1814, was content to point out the difficulty of arriving at an exact estimate and shirked the task (*Ireland*, vol. i. pp. 245-6).

<sup>3</sup> See Miss Edgeworth's *Castle Rackrent*.

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If the tenant devoted himself to cattle breeding, he was said to occupy a grazing farm; if to agriculture in the strict sense, he was said to occupy a tillage farm. The graziers were by far the wealthier of the two classes. They occupied great farms in the centre of Ireland in the counties of Limerick, Tipperary, Clare, Meath, and Waterford. Their numbers were few by reason of the extent of the land which they farmed. Sometimes they paid a rent of from £3,000 to £10,000.<sup>1</sup> Well might Arthur Young call them "the greatest graziers and cow-raisers in the world."<sup>2</sup> They dressed like gentry, or at least did so to the best of their ability. Sometimes they took an old Irish name, and spread a report that they belonged to an ancient family robbed formerly of its possessions by the English invader. The furniture of their houses was absurdly luxurious, but pigs and hens ran about the kitchen. Their intense ignorance made it impossible for them to improve their stock; and their sole method of enrichment was to speculate on a rise in the price of cattle. The aristocracy despised them; the peasantry loathed them.<sup>3</sup> They formed a class apart, and were, so to speak, the half-castes of Irish society. In the period under review, the grazing industry, after a continuous increase throughout the 18th century, had begun to give way to tillage. But this change was not in any way a sign of real progress in Irish agriculture or of the substitution of intensive for extensive cultivation.

Irish leases were usually long, for twenty-one years, thirty-one years, a life and twenty-one years, a life and thirty-one years, a life and sixty-one years.<sup>4</sup> We might, therefore, be inclined at first sight to believe that the reason for the substitution of tillage for grazing was that the farmer whose long lease gave him an interest in the improvement of his farm, deliberately chose the most intelligent method of cultivation. But before we accept this explanation we must

<sup>1</sup> Wakefield, *Ireland*, vol. i. pp. 319 sqq.

<sup>2</sup> Arthur Young, *Tour in Ireland*, Part II, p. 30.

<sup>3</sup> Wakefield, *Ireland*, vol. ii. pp. 545-6, 754-5.

<sup>4</sup> *Ibid.*, vol. i. p. 285.



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first know both the terms and the actual working of these long leases.

They were always reduced to the simplest possible form. The landlord erected no building on his property, spent nothing to keep it in good condition; it was naked soil, or very little more, that he let to the tenant.<sup>1</sup> When the lease expired, no account was taken, in the majority of the Irish counties, of any rights which the outgoing tenant might have acquired. No amicable negotiations took place. The farm was simply put up to auction and the lease granted to the highest bidder. At first sight this seemed to be the landlord's advantage, because his rent increased. But in reality he lost by it in the long run because the farmer had no inducement to refrain from exhausting the soil as the end of the lease drew near. On the contrary, he knew that the better his cultivation had been the more certain he was to lose the land, which by his efforts had become more attractive to would-be purchasers.

The terms of the lease did not even leave the farmer free to devote himself entirely to the cultivation of the land which he had rented. The landlord seemed to be determined to make the farmer into a labourer—a labourer, moreover, at a reduced wage. By a written or verbal agreement, or sometimes in virtue of a tacit understanding, the tenant bound himself to work, at the landlord's demand, for a very low wage or even without payment.<sup>2</sup> As we have seen already, beside the demands of the landlord, there were also those of the agent to be satisfied. Both landlords and agents were wont to call attention with pride to this voluntary service of the natives whenever they did the honours of an estate to some foreign visitor. But English agriculturists who came to Ireland were far from admiring this quasi-slavery. Often indeed, to avoid the stamp duty, or even out of sheer indolence and dread of legal complications, the tenants made no written agreement. "If your Honour,"

<sup>1</sup> Wakefield, *Ireland*, vol. i. p. 244.

<sup>2</sup> *Ibid.*, vol. i. pp. 245, 366; Arthur Young, *Tour in Ireland*, p. 51.

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the tenant would say to his landlord, "would make a note of the transaction in your book, that will be sufficient."<sup>1</sup>

In such cases it is obvious how insecure was the tenant's position in relation to his landlord or agent. Everything which had to do with Ireland bore the stamp of carelessness and greed.

An Irish farm was a disgusting sight.<sup>2</sup> There was no vestige of a garden—only a bare, muddy yard, surrounded by a low wall of loose stones. There was neither gate nor bar. The entrance was closed by placing there a cart, shafts in air. The house consisted of a single room, without flooring or pavement, where the farmer and his family ate, slept and did their cooking surrounded by pigs and fowls. The grain was threshed on the bare earth. The agricultural implements rusted from exposure to the rain. They were, moreover, very rudimentary. The plough was of wood, and in many districts was still attached for use to the tail of a horse or cow. Of scientific cultivation there was none. The fallow was succeeded by as many crops as could possibly be got out of the soil—sometimes ten or twelve in succession—and then the land was allowed to lie fallow once more. For many years past England and Scotland had been obliged to seek abroad a fifth part of the corn consumed by their large population, now so greatly increased by the growth of industrialism. Ireland, however, despite the fact that the great majority of her population was engaged in agriculture, was unable to supply the deficit. Only in the southwest had the cultivation of wheat made some progress. Elsewhere the lack of roads and transport hindered the carriage of grain to the ports, and thus discouraged the cultivation of wheat. Often the most profitable use of corn was to take it to an illicit still, where it was made into the native whisky, *poteen*.<sup>3</sup> In the north wheat was giving way to potatoes, the food of the common people in Ireland. Everywhere farms were small and were being more and

<sup>1</sup> Wakefield, *Ireland*, vol. i. p. 276.

<sup>2</sup> *Ibid.*, vol. i. p. 468, 470; Tigh, *Kilkenny*, pp. 411 sqq.

<sup>3</sup> *Ibid.*, vol. i. pp. 246 sqq.

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more subdivided. When Arthur Young visited Ireland in 1778, farms of 500 to 1,500 or 2,000 acres had been far from uncommon. They were now of very rare occurrence. On the other hand farms of forty, thirty, twenty and fifteen acres were greatly increasing in number and had, indeed, become the normal unit of cultivation.<sup>1</sup> Even if we do not share the systematic prejudice of English agriculturists in favour of cultivation on a large scale, we cannot surely deny that this shrinkage of the Irish farm was, under the circumstances which occasioned it, a sign that the agriculture of the country was in a bad condition.

### *The Disappearance of the large Farm. Middleman and Cotters.*

The splitting up of farms was due to different causes, which contributed in different degrees towards this result. First among these was the Act of 1793 restoring the suffrage to Catholics. Before 1703 it had been to the landlords' political interest to settle on their estates Protestant farmers who would vote under their orders. Since, however, few Protestant farmers were available, and since they were exacting in proportion to their scarcity, it had been necessary to expel several Catholic tenants to satisfy one Protestant. The effect, therefore, of the anti-Catholic legislation had been to increase the average size of farms. Now, however, the political interest of the landlords was altogether different. To increase the number of their electors they divided their estates amongst a number of Catholic forty-shilling freeholders. Such division was practically without limit, since the landlords made up the voters' register themselves, and put down as forty-shilling freeholders, where it suited them, even those whose land brought in less than forty shillings. In 1795 there were 40,768 freeholders,

<sup>1</sup> Curwen, *Observations . . . on Ireland*, vol. i. pp. 104-5, 250; vol. ii. p. 38. He remarks as something very exceptional a district near Londonderry, where farms were generally more than 100 acres in extent.



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a year later there were 64,752, and by 1821 the figure was to reach 184,229.<sup>1</sup>

A second cause of subdivision, deeper rooted and more permanent in its operation, was the scarcity, one might almost say the non-existence, of wage labour, in the Irish country districts. Not only was the Irish farmer poor, and therefore without the spare cash necessary to advance the wages of labour, but also—and this was probably the graver difficulty—he had to encounter tenacious prejudices in his search for workers.

To work, to receive a wage, and to purchase with the money so earned the necessities of life, formed a series of operations too complicated for the understanding of an Irishman of the lower classes.<sup>2</sup> In his view the normal method of obtaining a livelihood was to obtain directly from his own fields a sufficient quantity of potatoes and dairy produce to feed himself and his family.<sup>3</sup> This explains the survival of village partnership, in Ireland, and especially along the whole of the west coast.<sup>4</sup> The land was not rented by an individual, who then worked it by means of paid labourers, but it was farmed in common by a group of heads of families. The arable land was divided among the partners. The cattle pastured in common. Each partner had the right to a certain amount of pasturage, which was reckoned in units known as "collops." This unit varied slightly in different districts, but was everywhere determined by a perfectly

<sup>1</sup> Bonn, *Englische Kolonisation in Irland*, vol. ii. pp. 201-4. For the sources see the parliamentary papers cited in our bibliography, which are, however, incomplete and even at times contradictory.

<sup>2</sup> According to Wakefield (*Ireland*, vol. i. p. 511) the Irish peasants were even inclined to regard wage labour as dishonourable.

<sup>3</sup> "In England complaints rise even to riot when the rates of provisions are high, but in Ireland the poor have nothing to do with prices; they depend not on prices, but on crops of a vegetable very regular in its produce" (Arthur Young, *Tour in Ireland*, Part II, pp. 22-3).

<sup>4</sup> Wakefield, *Ireland*, vol. i. pp. 255, 260, 271, 275, 278; vol. ii. pp. 308-9, 372.

definite tradition. Usually the horse was the unit of calculation, and was the equivalent of so many goats, calves or geese.<sup>1</sup> "It was an abominable system, which prevented, so long as it remained in force, any emulation among the farmers in the matter of drainage, enclosure, liming, or, in short, as regards any operations undertaken to increase the productivity of the soil. An individual, here and there, might perhaps be disposed to improve the soil, but one or all his neighbours would immediately oppose his schemes, and so the entire plan for improving the farm would go by the board."<sup>2</sup> Nevertheless, the system continued in force and even assumed, it would seem, a more and more aggravated form, for according to the old Celtic customary law the goods of the deceased were divided equally among his sons and daughters.<sup>3</sup> When, therefore, a member of a village community died, his fellow partners would never dare to deprive his children of their lawful heritage. Hence the number of partners must needs go on increasing indefinitely. Even where the village community did not exist, customs similar to this entailed similar consequences. When a farmer's sons attained their majority, or when his daughters married, custom required him to divide up his farm for their benefit. On his death custom required the equal division of the farm among his heirs. The result of this was that twenty, thirty or perhaps even forty families were now settled on a farm of 150 acres, occupied forty years earlier by a single tenant. The traditional moral code of the country, together with the quasi-legal institutions which expressed that code, confined the individual's means of livelihood to a small plot of ground to which he was personally attached, which he cultivated himself, and on which he was dependent for subsistence.

Even if a farmer did still possess more land than he could cultivate by himself, he was obliged to satisfy his labourers' demands and establish them on the soil. The landlord

<sup>1</sup> Wakefield, *Ireland*, vol. i. pp. 309, 316, 349.

<sup>2</sup> *Ibid.*, vol. i. p. 278. See also on the system of village partnership, Tighe, *Kilkenny*, pp. 418-20.

<sup>3</sup> *Ibid.*, vol. i. p. 251.

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had himself set the example. By imposing upon the tenant the obligation to furnish a certain amount of labour at a reduced wage, he had made him a hired labourer as well as a tenant. The farmer would therefore erect on his farm "dry cots," dwellings to which sometimes no land was attached, but which usually carried with them a plot of ground on which the dry cotter could grow oats or potatoes.<sup>1</sup> In return for this the cotter undertook to work for the farmer at the rate of 5d. a day. Moreover, it generally happened that at the end of the year the cotter was in the farmer's debt. Accordingly the final reckoning between them was made according to what was termed the system of conveniences, that is without the medium of coin, by a simple exchange of services.<sup>2</sup> The richer party granted a piece of land to the poorer in exchange for his labour. The poorer was practically the serf of the richer.

Nevertheless, the quality of the work done by these cotters was far from satisfactory. Obligated to divide their time between their own plot of ground and their employer's farm, they worked for their master in a half-hearted and spasmodic fashion. Then the farmer devised a new method. He reduced to a minimum the area of the land which he cultivated directly, and thus was able to dispense almost completely with wage labour. The remainder of his land he divided into "corn acres," which he leased for an annual rent of six to ten guineas an acre. He thus became as it were a secondary landlord, and from the greater part of his farm received income for which he did no work. His sole concern was, how best to obtain more rent for those pieces of land than he himself owed for them to the landlord. He had ceased to be the head of a big farm and had become instead a middleman—the middleman of ill-repute.

The landlord and his agent did not regard with disfavour this transformation of the farmer into the middleman.

<sup>1</sup> For these cotters see Wakefield, *Ireland*, vol. ii. p. 740. Cf. Arthur Young, *Tour in Ireland*, pp. 304, 357, 373, and Part II, p. 20; also Curwen, *Observations . . . on Ireland*, vol. i. pp. 220, 251-2.

<sup>2</sup> Wakefield, *Ireland*, vol. i. pp. 507 sqq., p. 599.

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Certainly the land lost by it. Formerly it had been a case of the substitution of cultivation on a small scale for cultivation on a large or moderately large scale; now it was the substitution for cultivation on a small scale of cultivation on an infinitesimal scale. Every year the miserable peasant who dug his patch of oats and his patch of potatoes left the soil more impoverished. For that, however, Irish improvidence cared nothing. The landlord ran no risk. If the middleman failed to pay his rent, the landlord had the right to seize the cattle of the subtenants even when they had paid their rent to the middleman. The latter, however, seldom failed to pay in full. Since the price of corn was constantly rising, circumstances favoured him. He had obtained a long lease from the landlord and concluded short leases with subtenants.<sup>1</sup> While the half-yearly rent due from him to the landlord remained the same, he kept on raising the amount due from the subtenants. Sometimes the landlord, remarking this, would put into his leases a stipulation that the rent should be raised if part of the farm were sublet. Even so this rise in the rent never equalled the increase of the middleman's receipts. Landlord and middleman alike grew richer. That was all.

The landlord found this new system so profitable that often in place of letting his land directly to small tenants, he would himself appoint a middleman. By this method both he and his agent were spared the irksome task of collecting one by one a number of small debts. The middleman was better acquainted than the landlord or his solicitor with the feelings and manner of life of the peasantry, who were willing to accept from him terms which they would have rejected in direct negotiations with the landlord.<sup>2</sup> Moreover, they were now compelled to pay regularly, for their new master watched them from their very midst and knew all their tricks. The sole resource of the more prudent of these subtenants, who wished to rise in the social scale, was to repeat the procedure which had been carried out at their

<sup>1</sup> Bonn, *Englische Kolonisation in Irland*, vol. ii. p. 201.

<sup>2</sup> Wakefield, *Ireland*, vol. i. p. 288.

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expense and to become the middleman's middleman. These men constituted the middle class in the country districts of Ireland, a class equally destitute of culture and morality. They swarmed in the small towns, drinking hard, seducing young girls and loafing from morning till night, or even went so far afield as Dublin, Bath and London to squander on their pleasures the fruits of their extortion.<sup>1</sup>

Thus in Ireland, while the estates were excessively large, the units of cultivation were on the other hand excessively small. At once farmer and wage-earner, the Irish cottier obtained from his patch of land an amount of produce barely sufficient to nourish his family. Beyond this bare minimum all his toil went in the shape of rent or of forced labour to enrich a long chain of exploiters, the middleman of the first, of the second, and sometimes even of the third degree, the agent, and after the agent the landlord. He had, moreover, to satisfy the claims of the tax-collector, of the Catholic priest, and of the clergyman of the Established Church into the bargain. The revenues received by the landlords were not earned by the management of their estates—for they did not reside. Nor did these revenues represent the profit of capital laid out upon the land, for the system adopted by the landlords was not to enrich the soil, but simply to exhaust it. The connecting links of the chain—the middleman, the agent and the grazier—did not constitute a middle class which could assure, by its universally admitted respectability, the stability of the social fabric. Despised by the landlords for the vulgarity of their manners and also as belonging to a conquered race, and at the same time hated by the cottiers whom they bullied and oppressed, they were but a new element of instability in a society already chaotic. How could the enormous army of peasants in which they were the subalterns, or rather the slave drivers, fail to revolt against the miserable lot to which they were condemned? Was it not inevitable that the barbarism to which the peasants were reduced should invest these outbreaks of fury with a character of peculiar atrocity?

<sup>1</sup> Wakefield, *Ireland*, vol. i. p. 288.



*The Agrarian Anarchy.*

For some time past English travellers making a journey of inspection in Ireland had been astonished at the infrequency and sporadic character of agrarian disturbances. About 1780 Arthur Young had been much shocked to observe that in Ireland a "gentleman" could cane or flog a peasant for insolent carriage or disrespectful language without exciting fury by such treatment. It aroused his indignation to witness "whole strings of cars whipt into a ditch by a gentleman's footman, to make way for his carriage" without a thought of protest on the part of the poor wretches.<sup>1</sup> Thirty years later Wakefield was equally astonished. The resignation, nay the good humour, with which the Catholic cottier accepted his degraded position was incomprehensible to him.<sup>2</sup> He noticed that the gentry preferred Catholic to Protestant servants, because they found the former the most docile "slaves."<sup>3</sup> Nevertheless, a movement of revolt was taking shape. During the last half-century very few years had been entirely free from crimes committed in one district or another by bands of malcontents called in succession Peep-o'-Day Boys, Steelboys, Oakboys, Defenders, Ribbonmen, Whiteboys, Rightboys, Caravats, Shanavests, Thrashers, and Carders.<sup>4</sup> Some of these associations possessed a religious character. The Defenders and the Ribbonmen had been organized to oppose the Protestant

<sup>1</sup> Arthur Young, *Tour in Ireland*, Part II, p. 54.

<sup>2</sup> Wakefield, *Ireland*, vol. ii. pp. 773-4.

<sup>3</sup> *Ibid.*, vol. ii. p. 613.

<sup>4</sup> For these associations see Wakefield, *Ireland*, vol. ii. pp. 9 sqq., 486, 562, 568, 763-4, 769 sqq., 781. Cf. for the first beginning of these disturbances and an account of the Whiteboys 1760-70, Arthur Young, *Tour in Ireland*, pp. 75-7, also Part II, p. 30. For the Peep-o'-Day Boys and Defenders of the same period, and the Rightboys of 1785, see Newenham, *A View . . .* pp. 262-5, 258; also, for the entire movement, a long and important speech of O'Connell's, December 31, 1813 (*Life and Speeches*, vol. ii. pp. 112-22).

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Peep-o'-Day Boys and Orangemen. The others had been formed to defend the economic interests of their members. Sometimes the object of attack was the local dues, the county cess, the equivalent of the English rates. More often, however, it was the tithe, which was particularly odious to the Irish peasantry, since it was not paid to the clergy of their own cult, and also a peculiarly heavy burden upon the cotters, because in Ireland it was exclusively a charge upon the tillage farms, and the rich graziers were therefore exempt.<sup>1</sup> But the contest was coming more and more to turn upon the relations between landlord and tenant. The conspirators sought to fix the leasehold value of the corn acre, to forbid the landlords to put up these allotments to auction, and to secure for the cotter a right to a lease of his land in perpetuity. If the Irish lower classes began to interest themselves in the cause of Catholic emancipation, this was not because they cared much for the knowledge that henceforward a Catholic might be returned to Parliament, and would be eligible for any employment, civil or military. It was rather that in Catholic emancipation they foresaw vaguely the satisfaction of many desires, the expropriation of the Protestant landlords, and the division of the land among themselves—in a word, the restitution to the Catholics of the soil that had belonged to their ancestors.<sup>2</sup>

Wakefield travelled through Kerry and Tipperary in 1808 when disorder was universal there.<sup>3</sup> He saw a farm burnt, after warning given to the occupant by an anonymous letter; he saw thousands of men assemble to prevent the distraint of a cotter's cattle; he saw landlords unable to leave their house without the protection of armed guards. In 1813,

<sup>1</sup> Wakefield, *Ireland*, vol. ii. pp. 488 sqq. The Carders' Association would even seem to have been formed originally to resist the pecuniary demands of the Catholic priesthood. (Curwen, *Observations . . . on Ireland* vol. ii. p. 183. Cf. Wakefield, *Ireland*, vol. ii. p. 562).

<sup>2</sup> *Report of the Select Committee of the House of Lords appointed to inquire into the State of Ireland, 1825 (Minutes of Evidence, p. 214).*

<sup>3</sup> Wakefield, *Ireland*, vol. ii. pp. 764, 769-70.

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after a few months of calm, disturbances broke out afresh in the southern counties—Waterford, Tipperary, Meath, West Meath, King's County, and Limerick—nor by 1815 had order been yet restored. In 1814 Parliament was obliged to pass two special statutes to repress the campaign of outrage.<sup>1</sup> When a landlord evicted a cottier who refused to pay a higher rent, and found another peasant to take the farm of the evicted cottier, both landlord and peasant incurred the vengeance of "Captain Thrash" and his deputies the Thrashers. Bands of men masked and wearing a disguise went from house to house in quest of arms. Shortly afterwards came the news of the public execution of a condemned landlord or farmer under the eyes of the peasantry and with the connivance of the entire population.<sup>2</sup> These outbreaks were as yet but slave risings, outbursts of savagery,<sup>3</sup> spasmodic, incoherent and badly organized. In 1798 a general movement of insurrection had only been rendered possible by the co-operation of the Presbyterian farmers of the north-east. The Catholic peasantry was still scarcely capable of general views, and the judges who condemned members of their secret societies sometimes remarked with astonishment that these different associations were rival clans implacably hostile one to another.<sup>4</sup> Nevertheless, war had begun

<sup>1</sup> 54 Geo. III, cap. 180-1.

<sup>2</sup> For the grave disturbances in Ireland at this period, see *Copy of a Dispatch from his Excellency the Lord-Lieutenant of Ireland to Lord Viscount Sidmouth, dated June 5, 1816, viz.: A statement of the Nature and Extent of the Disturbances which have recently prevailed in Ireland and the Measures which have been adopted by the Government of that Country in consequence thereof*, reproduced in the *Annual Register*, 1816, pp. 402 sqq. See also H. of C., June 23, 1814, Mr. Peel's Bill for the better execution of the Laws in Ireland (*Parl. Deb.*, vol. xxviii. pp. 162 sqq.). Also, for supplementary details, June 27 and July 4, 1814; H. of L., July 21, 27, 28; H. of C., November 18, 21, 23; H. of L., November 21, 24, 26, 1814 (*Parl. Deb.*, vol. xxviii. pp. 822, 853, 862; vol. xxix. pp. 335, 387, 392-466, 497, 593).

<sup>3</sup> The Carders were so called because they tore the bodies of their victims with carding-combs.

<sup>4</sup> "In 1816 at Ballyvourney two rival clans came to mortal combat" (*Annual Register*, 1816, *Chronicle*, p. 107).



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between the landlords and the cultivators of the soil. A century of agrarian strife was dawning on Ireland.

### THE SYSTEM OF LARGE ESTATES IN ENGLAND AND SCOTLAND

#### *The Distribution of Landed Property. The Enclosures.*

As in Ireland, so also in England and Scotland, the system of large landed estates prevailed. In the 15th century the disbanding of feudal retainers had driven to the towns a crowd of small landowners, vassals of the great lords. The latter then became absolute proprietors of vast estates drained of their population. They converted these into sheepwalks. The dissolution of the monasteries in the 16th century did not involve the division of the great ecclesiastical domains. All that took place was the substitution of aristocratic for clerical mortmain. In the 18th century, owing to new causes, this movement of concentration recommenced. The districts which had escaped the enclosures of the 15th century were now in their turn invaded.

Sometimes the waste of the manor, common land lying continually fallow on which every one had the right to pasture his cow, to cut a little wood, and dig some turf, became, by virtue of an Enclosure Act, the private property of an individual owner. It was then systematically improved and transformed into a meadow for pasture or into a field of arable land. Sometimes such an Enclosure Act dealt with the open field, which was cultivated every year in common by a number of small-holders, to each of whom belonged one or more of the narrow strips into which the field was divided. These they cultivated collectively according to a fixed plan; and the produce was divided among them in proportion to the size and value of their allotments. Such lands were now redistributed by law, and grouped into allotments of which the cultivation as well as the ownership was henceforth individual. But inevitably those who owned

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larger allotments were in a better position to make them pay. The others whose allotments were of poorer value sold their land and emigrated. In this fashion the cultivation of the soil of England passed into the hands of men with large capital. Thus disappeared, or tended to disappear, the smallholder of whom England had formerly been so proud, for in him she had seen the born defender of her national independence and political liberties. This concentration of landed property in a few hands tended to produce to a certain extent the same effects in Great Britain as in Ireland. On the landed estates of England and Scotland, as on those of Ireland, we find two hostile classes facing each other—the capitalists and the proletariat. But the resemblance was, after all, but partial. The differences between the two countries were numerous and profound.

We must distinguish at the outset between the two systems of law which favoured the existence of large estates—between the laws of feudal origin which prevented such estates from breaking up when once formed, and the modern laws of enclosure which tended to create new estates. The movement of enclosure had been growing constantly stronger during the last century and especially during the last half-century. Never had it been so rapid as during the last ten years of the war.<sup>1</sup> The same, however, cannot be said of the system of entail, which far from progressing was actually declining. Even in Scotland, where about a third of the landed property was entailed,<sup>2</sup> the proprietary rights possessed by an heir of entail over his land had been on several occasions extended by statute.<sup>3</sup> In England, where entailed estates were fewer, the institution had been, from the time of Charles II, subjected to certain restrictions. It had been provided, as a universal rule, that, after a fairly short lapse of time, the entail, unless expressly renewed, would cease to exist.<sup>4</sup>

<sup>1</sup> From 1809 onwards there were over 100 enclosures a year (Tooke, *History of Prices*, vol. i. p. 326).

<sup>2</sup> Sinclair, *Scotland*, vol. i. pp. 105–22.

<sup>3</sup> *Ibid.*, vol. i. pp. 102–4. He cites these statutes—20 Geo. II, cap. 50, 51; 10 Geo. III, cap. 51.

<sup>4</sup> For a life or lives in being at the creation of the entail and for

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The economists, zealous advocates of the policy of enclosures, were far from favouring entails. They preached the system of agricultural capitalism, not of landed feudalism. Agricultural undertakings on a huge scale, in which large investments of capital intensified production, were dear to their hearts. It was, however, far from their wish that the capital necessary for cultivation should be tied up by lawyers' devices in the interest of the perhaps incompetent heir of an old family. They demanded that land should pass from one owner to another as easily as did any other form of capital, so that it might always be at the disposition of the wealthiest and ablest. Romilly had made himself their mouthpiece when in 1807 he had begun his parliamentary career by the introduction of a Bill rendering land equally liable to seizure for debt as were movables.<sup>1</sup> The growth of the system of large estates was the result of the development of modern capitalism. It was but natural that this growth should be at least partially counter-balanced by the decline of feudal institutions. The decline was extremely slow—a Parliament of Landowners did everything possible to retard it—but it was nevertheless a fact, which the success of the policy of enclosures could but disguise.

The class of small independent cultivators, or yeomen, were slowly vanishing. A radical separation was taking place in England and Scotland alike, between those who owned the soil and those who cultivated it. In the open market with its rapid fluctuations of value the small cultivator who lacked

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a further period of twenty-one years (Charles Butler, *Reminiscences*, 3rd ed., vol. i. p. 61). Cf. Humphreys, *Observations on . . . English Laws of Real Property*, 1826, pp. 28 sqq.

<sup>1</sup> The Bill was thrown out, but a second Bill, not so drastic, was passed (47 Geo. III, sess. 2, cap. 74). See *Diary*, January 10, 28, February 18, March 11, 18, also April 20 and August 14, 1807 (*Memoirs of Romilly*, vol. ii. pp. 173, 177, 180, 184-6, 198, 222). H. of C., January 28, February 18, 1807 (*Parl. Deb.*, vol. viii. pp. 561-851). Cf. H. of C., April 29, 1814 (*Parl. Deb.*, vol. xxvii. pp. 592 sqq.).

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capital was powerless to resist for long a fall of prices. The great landowner, on the other hand, and the big farmer, were able to resist, and would then buy up, at the first good harvest, the land of the small cultivator who had been brought to ruin. Or they might even possess sufficient capital to buy at once, without having to wait for a good season.<sup>1</sup> This does not mean, however, that landed property tended in Great Britain, as in Ireland, to become concentrated in the hands of an extremely restricted number of owners. The 25,620 square miles of Scottish soil were owned by 7,800 proprietors.<sup>2</sup> This is obviously a small number. But if we could form a fair estimate of the average size of a Scottish estate we must remember that it is impossible to include in the same category the fertile lowlands where the ownership of the soil was divided among a fairly large number, and the

<sup>1</sup> Nevertheless, this statement, though on the whole true, requires qualification. The decline of the yeoman class, rapid during the 18th century, was apparently checked during the years of agricultural prosperity that terminated precisely in the year 1815. After 1815 it proceeded with headlong rapidity; but in 1815 small landowners were still numerous, not only in the north-east and the south-west, but in Suffolk and Cambridgeshire, and in the neighbourhood of the Metropolis. In Kent they had suffered no diminution (Cf. Defoe, *Tour*, ed. 1724, vol. i. p. 38, and Boys, *Kent*, 1796, p. 26). They occupied a third of the soil of Berkshire (Mavor, *Berkshire*, 1813, p. 112). According to A. Young their numbers were actually increasing in Essex (*Essex*, 1802, p. 23). Cf. Hasbach, *History of the Agricultural Labourer*, pp. 73 sqq. n., 106, and especially A. H. Johnson, *The Disappearance of the Small Landowner*, chap. viii., who from the evidence afforded by the assessment lists of the Land Tax, distinguishes three stages in the history of the disappearance of the class of small landowners: (1) 18th century till 1785. Decrease in the number of yeomen; (2) 1785-1802. No decrease but a tendency to increase except in Lancashire, where the cotton industry attracted the yeomen; (3) 1802-1832, decrease. It is, however, questionable whether the dates are well chosen. Not 1802 but 1815 was the turning-point in the history of British agriculture.

<sup>2</sup> Sinclair, *Scotland*, vol. i. p. 89. Large properties, or estates above £2,000 of valued rent, 386; middling properties or estates from £2,000 to £2,500 of valued rent, 1,077; small properties or estates under £500 of valued rent, 6,181; estates belonging to corporate bodies, 144. This gives a total of 7,798.

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uncultivated wastes of the Highlands, where the formation of *immense latifundia* involved no injury to agricultural production. In England the land was more divided than in Scotland. There were, it is true, some enormous estates, either feudal survivals or monastic spoils. The Dukes of Bedford, Devonshire and Norfolk were the absolute rulers of territories which, if put together, would have extended over entire counties. In Oxfordshire,<sup>1</sup> Warwickshire,<sup>2</sup> and Derbyshire<sup>3</sup> were estates whose area reached 25,000 acres, and which produced an income of £25,000. But in most counties estates with a rental exceeding £12,000, £10,000 or even £8,000 were rare. And there was a fairly even distribution of smaller estates. Gilbert Wakefield fitly characterized the distribution of landed property in England when he deplored the absence in Ireland of "the minor proprietors, so common in England, who owned land producing an income of from £200 to £1,000."<sup>4</sup> Indeed, there is nothing strange in the fact that in England landed property was, by comparison with Ireland, distributed among many owners. On the contrary, it was the natural result of the nature of British aristocracy.

This aristocracy controlled all the machinery of government. It was supreme in both Houses of Parliament and disposed at pleasure of every Government office. All the local administration of the country was in its hands. Nevertheless, this aristocracy was not closed to new-comers. Since 1688 financiers, bankers, merchants, and manufacturers had constantly exerted a decisive influence on the affairs of the nation. It was the acquisition of land which enabled these new men to insinuate themselves into the ranks of the old aristocracy, and thus to bring their influence to bear upon the governing classes, not from without, but from within, through a number of secret channels. Our study of the political institutions of the realm has shown us already

<sup>1</sup> Davis, *Oxfordshire*, p. 11; Young, *Oxfordshire*, p. 16.

<sup>2</sup> Murray, *Warwickshire*, p. 25.

<sup>3</sup> Brown, *Derbyshire*, p. 12.

<sup>4</sup> Wakefield, *Ireland*, vol. i. pp. 254-5.



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how the more ambitious of these men, by marrying their daughters into the nobility or gentry, by becoming justices of the peace and sheriffs, or by obtaining the patronage of an electoral borough, might themselves attain to the peerage. Others, whose aspirations were not so lofty, were content if they might emerge from the vulgar and illiterate circles in which they had grown up, and enter the ranks of the local gentry. There came into being in the neighbourhood of all the large towns an increasing number of estates on which manufacturers and business men lived during part of the year. These manufacturing centres had multiplied and developed to an enormous extent in England during the last twenty years—a development which operated with an ever-increasing force to prevent an excessive concentration of landed property. When an estate was put up to sale the *nouveaux riches*, who were invading the English country districts, were in a position to outbid the greatest landowner of the neighbourhood. It might even be to the latter's advantage to sell a portion of his estate to one of these new-comers. Already, at the opening of the 18th century, Daniel Defoe had remarked that in the neighbourhood of London families belonging to the local gentry were frequently replaced by families enriched in business.<sup>1</sup> In a few years from our date Cobbett was to journey on horseback through all the southern and south-western counties, to compile with indignation a list of the "mansions" and "lodges" which he would find in the occupation of financial and commercial parvenus, the "Squires of Change Alley."<sup>2</sup> A sociologist of fantastic views, he even regarded this invasion of *nouveaux riches* as the fundamental cause of the expropriation of the peasant proprietors.

<sup>1</sup> *Tour through the whole Island of Great Britain*, ed. 1724, vol. i. pp. 17-18.

<sup>2</sup> *Rural Rides*, October 11, 1822. Cf. November 2, 1821; January 4, June 24, September 25, 28, November 17, 1822; August 1, 2, 7, 31, October 30, 31, 1823; November 9, 13, 1825; August 30, September 4, 12, 25, 29, October 18, 1826.

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### *The Landowners.*

The landowners, whether heirs of old families or recent purchasers, resided on their estates. This had been for a long time past the taste of the leaders of fashion. During the war the bonds which attached the landowners to the soil had been drawn still tighter. There were no more journeys possible in France, Switzerland and Italy. The leisured classes had now to be content with the peaceful landscapes and humdrum recreations afforded by the English countryside. England was not a country in which the capital had proved the social death of the provinces. There was no absolute monarch in England, with his court and centralized administration. London was no more than a huge business centre where the representatives of the nation assembled yearly for a limited number of months, and that rather to dictate to the capital the wishes of the country than to issue orders to the provinces in the name of the central government. Nor was England a country where the town had proved the social death of the country. Even less than London were the provincial towns centres of a complete civilization. They were too ugly, too gloomy, too exclusively organized for the production of wealth. The result was that, despite cold and fog, the modern Englishman regarded the country as the place in which to live if you would lead a life happy and worthy of a gentleman. The rigour of the climate encouraged violent forms of exercise, such as hunting and games played in the open air; and the practice of these games, whose organization was daily being brought to greater perfection, gave rise to a new moral code. In addition to the religious, civic and industrial codes, arose the code of athleticism, or to employ a term which English custom was to render universally popular, the morality of sport. The growth of this rustic virtue exerted a decisive influence upon the agrarian economy of the realm.

When the landlord does not reside, but is content to receive

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through an agent the rents due from his tenants, and considers that the more he receives the better he is served, landlords and tenants form two classes hopelessly at strife. There is an avowed warfare between them. When, however, the landlord resides on his estate, a human relationship is inevitably established between himself and the local inhabitants of the place. They were, indeed, his dependants, and his tributaries. He was the spoilt child of the legislature. But despite all, landlord and tenant led the same life and met daily. In England, it often happened that the tenant was an elector whose vote was sought by the landlord. Even if a resident landlord cared nothing for popularity and showed himself harsh and greedy, the very fact of his residence among his tenantry obliged him to spend a portion of his rents in the locality whence they were obtained. This portion was thus restored, indirectly, to those who had paid it. He took, moreover, a personal interest in the cultivation of his land. He would either improve it himself or would watch his tenant closely. Sometimes when a lease expired he took over temporarily the management of the farm, put it in order, erected more spacious and healthier buildings, renewed the stock, and radically altered the methods of cultivation. After this he would lease the farm to new tenants, who, being better provided than their predecessors, could pay a higher rent. Sometimes he was content to reserve one of his farms, which he transformed into an "experimental farm." Perhaps this farm would cost him more than the profits he derived from it, but it served as a model to all the tenants on the estate. Agriculture was at once the great source of revenue and the great luxury of the English aristocracy. The King, and the heads of the great families who so bitterly opposed him, agreed in their zeal for agriculture. The King raised a famous breed of sheep on his farm at Windsor, and delighted in his nickname of "Farmer George." The annual festivity given by the Duke of Bedford on his Woburn estate, when he displayed a magnificence incredibly lavish, was given to celebrate the shearing of his flocks.

The Government also showed its interest in the progress of



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agriculture. In 1793 it had founded an important institution, which enabled landowners to deliberate in common upon their economic interests. This was the Board of Agriculture, whose president and secretary were two eminent agriculturists—Sir John Sinclair and Arthur Young. Its membership included, in addition to the high officials of the State, all the leading English agriculturists without distinction of party. The Duke of Bedford sat side by side with Lord Lonsdale; Thomas Coke of Holkham side by side with Pulteney. The Board was not a department of Government charged with the administration of laws. English public opinion had no liking for bureaucracy. It was a sort of corporation, subsidized by the State, whose legal character jurists found it difficult to define. It was empowered by the State to carry on with the funds at its disposal—funds derived from Government subsidies and public subscription—a semi-official propaganda on behalf of particular methods of cultivation and of stock breeding, and of a particular agrarian policy. It incurred the hostility of the Anglican clergy by its demand for the commutation of the tithe, of the lawyers by its demand for the simplification of the legal formalities to be observed in making enclosures,<sup>1</sup> and since 1813 of public opinion by its campaign begun in that year in favour of an increase in the Corn Duties. As a result the Board of Agriculture was in its decline, and was to be abolished in 1818.<sup>2</sup> Never-

<sup>1</sup> The Board had obtained from Parliament in 1801 the passage of a statute "for consolidating in one Act certain provisions usually inserted in Acts of Enclosure, and for facilitating the mode of proving the several facts usually required on the passing of such Acts."—41 Geo. III (U.K.), cap. 109. This Act, however, failed to satisfy the Board, which vainly demanded its amendment. See, A Bill to amend the general Enclosure Act, February 27, 1811; A Bill to explain and amend the general Enclosure Act, May 1, 1812; A Bill (as amended by Committee) to repeal the Forty-First of George the Third, Chapter one hundred and nine, and to make provisions for facilitating the inclosure of waste and commonable lands, March 22, 1813. Cf. *Memoirs of Sir John Sinclair*, vol. ii. pp. 104 sqq.

<sup>2</sup> For the part taken in the creation of the Board by the agriculturalists John Marshall, Sir John Sinclair and Arthur Young, for Marshall's attack—after his expulsion from the Board—

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theless, its twenty-five years of existence corresponded to a period of great prosperity for British agriculture. It brought together and coordinated the countless experiments that were being made by individual landowners.

It was the private initiative of these landowners which had made England, at the opening of the 19th century, the leading agricultural state in the world. They had increased the fertility of the soil by continuous rotation of crops and by manures, and the produce of cattle by the constant creation of new breeds, both of cattle and of sheep. They had formed and moulded the animals, obtaining every year from their sheep either more meat to satisfy the ever-increasing demand for food, or more wool to render the national manufacture independent of the import of Spanish wool.<sup>1</sup> The originators of all these improvements had been enthusiasts, in some respects even cranks, but men possessed of a genius equal to that of the inventors of new manufacturing processes. They were men such as Jethro Tull and Lord Townshend, or such as Bakewell, who lived like a peasant without a single friend save his shepherd, and received in his kitchen the statesmen and crowned heads, to whom he did the honours of his estate. These innovators were frequently ruined by rash experiments, nor would their efforts have proved as successful as they did, had they not received the support of the entire class to which they belonged. Societies were

upon the administration of Sinclair and Young, for the rivalry between Sinclair and Young, for Sinclair's intrigues against Pitt and Pitt's intrigues against Sinclair; in short, for all that concerns the inner history of the Board, see *Memoirs of Sir John Sinclair*, vol. i. pp. 252 sqq., vol. ii. pp. 45 sqq.; Marshall, *A Review of the Reports of the Board of Agriculture*, 1808 (Introduction); Arthur Young, *Autobiography*, pp. 219 sqq. The published "reports" dealing with the condition of agriculture in each of the English counties, though often charged with superficiality, constitute a valuable document for the historian of the first years of the 19th century.

<sup>1</sup> For the active propaganda carried on in this matter by the *Society for Improving Wool*, also a creation of Sir John Sinclair, see *Memoirs of Sir John Sinclair*, vol. i. pp. 217 sqq.

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formed by the landowners of a particular district for the joint search of markets, encouragement of experiments, and popularization of discoveries; in contrast with the world of manufacture, the world of agriculture was characterized by a strong sense of solidarity among producers. The inventors of new processes, and the creators of new breeds, were by no means scientific workers; they learnt by practice without any theoretical preparation. Nevertheless, the technical progress accomplished by them assisted the progress of scientific knowledge. Cross-breeding, together with selection of the individuals most fitted to produce fine varieties, tended more and more to become the subject-matter of a special science. On all the great estates of England and Scotland was created thus an atmosphere which would favour the birth and success of Darwinism. Nevertheless, the members of the Board viewed with anxiety the undue contempt for pure science and for theory displayed by the British agriculturists. They sought to counteract this tendency and to convince them that knowledge of the laws of chemistry and biology was not without practical use. It was at the invitation of the Board that Erasmus Darwin wrote his *Phytologia*, and that Davy gave in London, from 1803 to 1813, a series of courses on vegetable chemistry.<sup>1</sup>

The attempts of the innovators were directed to another object also: they were on the high road to transform all the implements of farming. Take, for example, the preparation of the soil in order to facilitate cultivation in a climate always rainy. The old method of drainage—according to which the fields were cut by a series of small parallel valleys, sometimes over three feet in depth—was abominable. The better part of the soil was carried away by every shower and the bottom of each little valley remained a muddy swamp. Elkington, and after him Smith, introduced the modern system of drainage.<sup>2</sup> Or again to take the matter of ploughing. The plough on wheels was just coming into use, but had still many enemies, who denounced it as too costly, as un-

<sup>1</sup> *Memoirs of . . . Sir John Sinclair*, vol. ii. pp. 82 sqq.

<sup>2</sup> Prothero, *Pioneers . . . of English Farming*, p. 96.

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workable where the ground was uneven or stony, and useless where it was even.<sup>1</sup> Once more to take the question of sowing. The use of the drill machine for sowing, not indeed corn, but beans, peas and turnips, had been already discovered. This drill scattered the seed in the furrows, at first in one only and then, a few years before our date, in several furrows at the same time. An English farmer who left his fields to themselves after the sowing would have been considered very negligent. They required to be rolled to break up the clods, to be submitted to the horse hoe to eradicate the weeds which sprang up between the furrows. Then would come the time of harvest; and for this no machines had as yet been invented. Experiments had, indeed, been made with harvesting machines, but so far in vain. The *Farming Club* of Dalkeith in Scotland had offered a prize of £500 to the inventor of a really practicable apparatus.<sup>2</sup> On the other hand, the threshing machine invented in 1758, and since greatly improved, had been installed by 1815 on all good farms.<sup>3</sup> It had rendered threshing at once far easier, far quicker and far more economical. Before the introduction of the threshing mill, as much, if not double, the amount of corn as was necessary for next year's sowing had been wasted. Oxen were employed at first to turn the machine. Later, in imitation of the method in use in cotton spinning, a water mill was employed. It then became the rule to establish farms, like factories, on the banks of streams. But already, for some years past, steam power had replaced water power in districts where coal was cheap. The Duke of Bedford had ordered for the Woburn estate from Cartwright the engineer a steam engine to thresh and grind corn, which cost him £70.<sup>4</sup>

<sup>1</sup> Sinclair, *Scotland*, vol. i. p. 217.

<sup>2</sup> *Ibid.*, vol. i. pp. 223, 231. Cf. *Farmers' Magazine*, February 12, 1816 (vol. xvii. pp. 1 sqq.); *Corn Law Report*, 1814 (*Minutes of Evidence*, p. 25).

<sup>3</sup> Brown, *West Riding*, 1799, p. 57; Bailey, *Durham*, 1810, p. 80; Sinclair, *Scotland*, vol. i. p. 227.

<sup>4</sup> Arthur Young, *Autobiography*, p. 396. Arthur Young disapproves of the experiment.

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The effect of all these technical inventions was to increase the amount of capital sunk in each farm.<sup>1</sup> Despite the profound differences still separating, as they always will separate, agriculture from manufacture, agriculture was taking more and more the appearance of a manufacture. To realize this, we have but to consider Arthur Young's description of the offices of the Reevesby estate in Lincolnshire farmed by Sir Joseph Banks.<sup>2</sup> They consisted of two rooms, divided from each other by a brick wall and a double door of iron, so that if a fire broke out in one it might not spread to the other. In these, all papers relating to men and stock—agents, tenants, labourers, drains, fences, arable land, and woods—were accumulated, classified, and catalogued in 156 drawers. You could not tell whether you were on a farm or in the heart of a large factory.

The progress which was being made in British agriculture had two centres. There was, in the first place, old England, the eastern counties Essex, Suffolk and Norfolk, to which should be added Hertfordshire and Leicestershire, among the Midland counties. In the 17th century, Hertfordshire had taken the first place, but this pre-eminence now belonged to Norfolk. Between 1730 and 1760, Lord Townshend had introduced into that county the improved methods of cultivation which he had observed in Hanover. Since 1790, Thomas Coke of Holkham had given a fresh impulse to Norfolk agriculture. The second centre was formed by the Lowlands of Scotland. The large farms of the region which extended from Edinburgh on the north to the border of Northumberland on the south, and especially the farms of East Lothian, were the best managed farms in Great Britain—indeed in the entire world. It was there that new machines

<sup>1</sup> *Corn Law Report*, 1814 (*Minutes of Evidence*, p. 30): "Suppose you had had a farm of 300 acres to let twenty years ago, what would be the capital a man would have required to cultivate that land?—About £2,000. What do you think he would require now?—He ought to have £4,000 to do it properly."

<sup>2</sup> A. Young, *Lincolnshire*, 1799, pp. 20-1.



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and new methods of breeding and cultivation had been first adopted, often indeed invented.<sup>1</sup>

From these two centres a fostering influence had been diffused on all sides. To the north of the Scottish centre the Highlands had been improved systematically by Lord Caithness, the Lord-Lieutenant; Mr. Trail, the Sheriff, and Sir John Sinclair, the President of the Board of Agriculture.<sup>2</sup> To the south the situation of Northumberland was most favourable to the imitation of any novelty introduced into the south-eastern counties of Scotland. Even the vast wilderness which in the 18th century still divided the south from the north of England was now being brought under cultivation. In former days cattle sent from Scotland to the London market had been obliged to pass through extensive tracts of barren fen in Yorkshire, Lincolnshire and Cambridgeshire. A line of posts driven into the peat and, in the middle of Lincolnshire, a beacon lit every night, saved them from the danger of straying into the bog. In the 17th century the first attempt had been made to enclose and drain the fens, but the undertaking had been stopped by the Civil War. After the Restoration the attempt had been renewed, but the inhabitants of the district, who saw themselves deprived of their rights of pasture and believed themselves threatened with expropriation, had risen in revolt. Now at last the work of reclamation was being accomplished. There was no longer a gulf fixed between the two districts in which the new agricultural methods had been first invented.

Everywhere forests were being cut down. Use was made of every kind of soil. On the mountains of the north and middle of Scotland, throughout the greater part of Cumberland and Westmorland and in North Wales, where the lack of coal prevented manufactures, and where there was neither

<sup>1</sup> For the causes which made these two districts the centres of the new agriculture, see an interesting theory in G. Slater's *English Peasantry*, pp. 78 sqq. It had long been customary in both districts to cultivate the land continuously without an interval of fallow. It was necessarily, therefore, the farmers' chief care to find means to avoid the exhaustion of the soil.

<sup>2</sup> *Memoirs of . . . Sir John Sinclair*, vol. i. pp. 334 sqq.



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sufficient sun nor sufficient soil for the cultivation of corn, immense flocks of sheep were raised. There also, during the first two or three years of their existence, were grazed the cattle who would be taken later to fatten on the richer pastures of the south. In the plains large farms were given up at the same time to corn growing and to cattle raising. The heavy land along the banks of streams was transformed into pasture. If there were a town in the neighbourhood this pasture land would serve on small farms, not to fatten cattle, but to feed the cows from which were derived milk, butter and cheese. At this epoch every year witnessed fresh conquests by the plough on hillsides, and on the top of tablelands and cliffs. The profits of agriculture had increased enormously. In 1814 all witnesses agreed in estimating that rent had risen 100 per cent., perhaps even 150 per cent. during the last twenty or twenty-five years.<sup>1</sup> The extent of land under cultivation had increased in an equally high ratio. 1883 Enclosure Acts passed in the course of the twenty years following the foundation of the Board of Agriculture had brought into cultivation 2,260,000 acres. But even this was very little in comparison to the 22,000,000 acres uncultivated, though capable of cultivation, which appeared in the statistics drawn up by the Board for 1795. "We have begun," exclaimed Lord Sinclair in 1803, "another campaign against the foreign enemies of the country. . . . Why should we not attempt a campaign also against our great domestic foe, I mean the hitherto unconquered sterility of so large a proportion of the surface of the kingdom? . . . let us not be satisfied with the liberation of Egypt, or the subjugation of Malta, but let us subdue Finchley Common; let us conquer

<sup>1</sup> 100 per cent. (*Corn Law Report*, 1814, *Minutes of Evidence*, pp. 4, 10, 16); over 100 per cent. (*ibid.*, pp. 17 sqq.); 150 per cent. in Surrey, in twenty-one years, on Mr. Birbeck's farm (*ibid.*, pp. 95-6). Arthur Young, for a farm of 300 acres, chosen as typical, gives the three following figures: 1790, £88 6s. 3½d.; 1803, £121 2s. 7½d.; 1813, £160 12s. 7½d. (*ibid.*, p. 81). Sir John Sinclair (*Scotland*, 1814, vol. i. p. 197) estimated that the total rental of Scotland twenty years earlier did not exceed £2,000,000, had attained £5,000,000 at the moment of writing, and was increasing at a yearly rate of about £100,000 or £200,000.

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Hounslow Heath; let us compel Epping Forest to submit to the yoke of improvement."<sup>1</sup> This invincible enthusiasm which animated both the members of the Board of Agriculture and the British landowners, who as a body followed their guidance, formed the true justification of modern capitalism.

### *The Farmers.*

To erect buildings, to make roads, to drain the fields, to put up fences: all this was the business of the landlord. It was the farmer's business to supervise the ploughing and manuring of the land, to select the seeds, and to decide what rotation of crops he should best adopt. This was a difficult task which required intelligence, experience and technical knowledge. If we would form an accurate idea of the agricultural system which obtained in Great Britain we must know first the average size of the farms cultivated by each farmer. Such an average is certainly difficult to strike, for it is hard to find a common measure for the tiny farms of south-western England and the enormous sheep farms of Northumberland. It is, nevertheless, certain that the English farm was universally considered large by comparison with those of the Continent, and that it tended constantly to become larger with the improvement of agricultural machinery. Moreover, the Reports of the Board of Agriculture enable us to determine the size and the profits of arable farms, which, in the more fertile and better-cultivated districts, are defined by the Board as medium-sized or large. They generally regarded as "medium-sized" a farm of 300 acres;<sup>2</sup> as "large," a farm exceeding 500 acres.<sup>3</sup> The average rental of an acre in the more fertile districts of England was from £1 to £2, in similar districts of Scotland it reached or exceeded £4.<sup>4</sup>

<sup>1</sup> *Memoirs of . . . Sir John Sinclair*, vol. ii. p. 111.

<sup>2</sup> *Sinclair, Scotland*, vol. iii. p. 273; *Young, Essex*, vol. i. p. 58.

<sup>3</sup> *Young, Lincolnshire*, p. 37; *Hertfordshire*, p. 23.

<sup>4</sup> *Corn Law Report, 1814, Minutes of Evidence*, pp. 56, 106-7. For Scotland, see *Corn Law Report, 1814, Minutes of Evidence*, pp. 103, 108.

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This meant on a farm of 300 acres a rental of £450, or on a farm of 500 acres a rental of £750. The farmer's profits were exactly equal to the rent.<sup>1</sup> They represented, therefore, if we capitalize them at 10 per cent. (the percentage universally reckoned by contemporary witnesses)<sup>2</sup> a capital of £4,500 on the medium-sized farms of 300 acres,<sup>3</sup> of £7,500 on the farms whose 500 acres entitled them to the appellation of large. This was the average wealth of the farmers truly representative of their class, the middle class of rural England.

It is, of course, impossible to sketch this class in a few general outlines, without of necessity omitting many subtler shades of the portrait. There were certain remote country districts of England—the Peak of Derbyshire, Shropshire and Cornwall—where the old traditions survived intact. In the farmhouse were to be found a floor paved with flags, a bare table, a tin dinner service, and straw mattresses instead of beds—in the fields antiquated wooden yokes, straw collars of an equally venerable antiquity, and ploughs of the type in use 500 years ago.<sup>4</sup> Even in the neighbourhood of London, in Surrey, the Board of Agriculture denounced the farmers, all too numerous for its liking, who still wore the round frock of their ancestors, determined foes alike of agricultural progress and the growth of refinement, men with so little business capacity that they preferred to sell their corn cheap to old customers than to accept better offers from persons with whom they were unaccustomed to deal.<sup>5</sup> But, after all, these were but survivals of the past. The new generation were of quite another style.

<sup>1</sup> *Memoirs of . . . Sir John Sinclair*, vol. i. pp. 4, 32, 41; Tuke, *North Riding*, 1800, p. 76. In Scotland the farmers' profits were equal to half the rent (Sinclair, *Scotland*, vol. i. p. 113); but this was due to the fact that the Scottish farmer paid neither tithe nor poor rate.

<sup>2</sup> Sinclair, *Scotland*, vol. iii. p. 207; Young, *Suffolk*, 1797, p. 25. Cf. *Corn Law Report*, 1814, pp. 74 (Essex), 103 (East and Mid Lothian), 108 (Near Dunbar).

<sup>3</sup> *Corn Law Report, Minutes of Evidence*, p. 16.

<sup>4</sup> Howitt, *Rural Life of England*, 1840, p. 100.

<sup>5</sup> James, *Surrey*, 1794, p. 88.

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Of all the farmers of Europe the English were most foreign to the spirit of toilsome, severe and sometimes sordid routine. They were intelligent capitalists—on the alert for any new method of making money, for every opportunity of acquiring knowledge. In Lincolnshire and Durham it was the regular custom for a good farmer to make from time to time a tour on horseback through England in order to keep in touch with the progress which was being made in other counties.<sup>1</sup> With the landlord's connivance the tenants became professional speculators as well as capitalists. The disappearance of the small farms, which made way for agricultural enterprises on a large scale, rendered it easier for certain large farmers to unite to raise the price of corn. The increased wealth of these large farmers, which left greater cash reserves at their disposal, freed them more and more from the necessity for immediate sale of their crops, and thus enabled them to wait for the most favourable moment to dispose of the corn which had accumulated in their barns. It was useless for an old-fashioned demagogue like Cobbett to denounce the speculators of the London Stock Exchange, the Mark Lane Quakers, worthy confederates of the Change Alley Jews. All the legislation against the engrossing of corn, against forestalling and regrating, had been rendered worthless during the last forty years by the simple fact that the farmers were no longer the victims but the accomplices of any engrossing that took place.<sup>2</sup> In this way the interests

<sup>1</sup> A. Young, *Lincolnshire*, 1799, p. 40; Bailey, *Durham*, pp. 67-8.

<sup>2</sup> An Act of 1772 (12 Geo. III, cap. 71) had repealed the old legislation against Badgers, Engrossers, Forestallers and Regraters in view, as the preamble declared, of the fact "that the restraints laid by several statutes upon dealing in corn, meal, flour, cattle, and sundry other sorts of victuals, by preventing a free trade in the same commodities, have a tendency to discourage the growth and to enhance the price of the same." Nevertheless, prosecutions were still possible, and monopolists and speculators were once more the object of sharp attacks during the years of dearth about 1800. (See the facts cited in Smart, *Economic Annals*, pp. 5-6.) Since then, however, public opinion on the subject had undergone a rapid change. See Whitbread's typical speech (H. of C., February 22, 1815): "When the price of bread was high, the popular feelings

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of the agriculturists came to coincide with the conclusions which were being reached by the new school of political economists. Burke was the mouthpiece of the great land-owners and of the farmers when, in his *Thoughts on Scarcity*, he plainly pronounced in accordance with the doctrines of Adam Smith against any restriction upon free trade in corn.<sup>1</sup> We should also remember that of the classes which made up English economic society the agricultural class had during the last fifty years made the least appeal for State assistance.

In 1773<sup>2</sup> an Act had been passed to render the export of corn more difficult and its import easier. Such was the liberalism displayed at that time in commercial matters by the agriculturists who were predominant in Parliament. Adam Smith<sup>3</sup> delighted to hold them up as a model to the manufacturers, who were so eager for protective measures. It is indisputable that the landed proprietors had since become more protectionist. To satisfy their demands Pitt

blinded the judgment; and he could remember when it was the fashion of the times, countenanced too by the then Lord Chief Justice of England, to attribute it all to the acts and practices of forestallers, regraters and middlemen. It was now, however, a time when the people might be told that the forestallers, the regraters and middlemen were doing more good in their private dealings than could be done by all the plans for public granaries and warehouses. The middleman was always the friend of the people. He collected corn during a time of cheapness, to sell it out during a time of dearness; and if in his speculations he sometimes went beyond the mark, he required no other punishment than what his avarice received from being disappointed in its calculations (*Parl. Deb.*, vol. xxix. p. 995). Cf. H. of C., May 5, 1814, George Rose's speech (*Parl. Deb.*, vol. xxvii. p. 698).

<sup>1</sup> *Thoughts and Details on Scarcity* (*Works*, vol. vii. pp. 397 sqq.).

<sup>2</sup> 13 Geo. III, cap. 43.

<sup>3</sup> Adam Smith, *Wealth of Nations*, Book IV, chap. ii. (ed. Thorold Rogers, vol. ii. pp. 34-5). Cf. C. Bosanquet, *Thoughts on the Value . . . of Commerce in General*, 1808, pp. 2-3: "Though Dr. Adam Smith may not, generally, be considered as hostile to commerce . . . yet will the young student not rise from the perusal of his work without strong prejudices against merchants and mercantile pursuits. The class is abused, degraded and vilified."



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had raised from 48s. to 54s. in 1791,<sup>1</sup> and from 54s. to 66s. in 1804,<sup>2</sup> the price above which imported corn was free of duty, while the price below which its export was allowed was raised at the same time from 44s. to 46s. and then to 48s. Circumstances, however, made this protective legislation useless. The Act of 1804 never came into actual operation.<sup>3</sup> During the following decade the average price of wheat was upwards of 100s. In 1812 it had been almost double the price at which import began to be free. It was only in 1815, when prices had fallen, that the farmers succeeded in obtaining a really efficacious protective tariff. The price required for free import was raised from 66s. to 80s., though in 1814 the farmers had asked for 84s., 95s., and even 105s. Throughout the debates, however, which preceded the passage of the Corn Bill they did not fail to insist on the fact that they were merely asking to be placed on an equal footing with the manufacturers as regards the customs tariff.<sup>4</sup> Unlike the latter, they had accepted during the entire war a system of practical free trade.

For all their enterprise the big farmers were, nevertheless, fully aware that they could never make as large fortunes as were made by the manufacturers of the towns. Even during this period of exceptional agricultural prosperity it was the summit of their pecuniary ambitions to treble or quadruple their capital and to place each of their children in as good a position as that from which they had themselves started.<sup>5</sup> They might, however, indulge other ambitions.

<sup>1</sup> 31 Geo. III, cap. 30. The price given is that of the quarter.

<sup>2</sup> 44 Geo. III, cap. 109.

<sup>3</sup> For all the Acts passed on this subject previous to 1814, see especially George Rose's important speech, H. of C., May 5, 1814, with Western's reply, H. of C., May 16, 1814 (*Parl. Deb.*, vol. xxvii, pp. 666 sqq., 898 sqq.).

<sup>4</sup> H. of C., June 15, 1813, Sir Henry Parnell's speech, vol. xxvi, pp. 651-2; May 16, 1814, Huskisson's speech (*Parl. Deb.*, vol. xxvii, p. 920).

<sup>5</sup> Boys, *Kent*, 1796, p. 32: "The smaller farmers are in general a very industrious and sober set of men, fare hard, and live with great frugality. The great occupiers, who have property in stock from 1 to 2 or £3,000, live, as they ought, more at their



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Without ceasing to farm, a farmer might assimilate by insensible degrees his social position to that of a landowner. An aristocrat did not consider it below his dignity to cultivate his lands personally. Nor did his son regard it as a humiliation to be sent as a boarder at £100 a year to one of the large Northumberland farmers in order to learn there the new methods.<sup>1</sup> Suppose a gentleman who managed an estate of 1,000 to 2,000 acres, and near him a farmer cultivating an estate of double the size, of 2,000 or 4,000 acres. The former, when once the rates and taxes on the land had been paid, was free to spend the remainder of his income as he pleased. The latter had to pay in addition half of that remainder to the owner of the farm which he cultivated. If his labour was greater, his farm and capital were larger and his implements more perfect. In the end the landowner and farmer were equally rich. Both shared the same toils, the same cares, the same pleasures, the same ways of life and of thought. We hear of a large number of farmers in Essex who, having taken over several farms, did not attempt to unite these into a single centralized farm, but installed an overseer on each and contented themselves with the work of supervising their whole estate.<sup>2</sup> Surely there was no great difference between the economic position of the landlord in the strict sense and these sub-landlords who no more farmed their land directly than did he. When the size of the farm exceeded 400 or 500 acres the farmer required an area of 200 square feet on which to build his house and its outbuildings. He must have

ease; but as to making of fortunes by farming, there is no such thing that ever came to my knowledge." Tuke, *North Riding*, 1800, p. 177: "Should a farmer make . . . a fortune it is in general in consequence of his uniting some other profession with his farm. He is a land surveyor, a steward, a corn factor, or has some other pursuit; instances of fortunes acquired by such an union may frequently be found; without it the industrious, the orderly, the persevering farmer, the man peculiarly the pride and boast of England, is not often enabled to quit the path on which he first entered."

<sup>1</sup> Bailey and Culley, *Northumberland*, pp. 29-30.

<sup>2</sup> Vancouver, *Essex*, 1795, p. 167.

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two reception rooms, two kitchens, an office and at least four bedrooms.<sup>1</sup> Less than this had been sufficient a century earlier for the dwelling of a country gentleman. The parlour must contain a sofa, bookshelves, and engravings on the walls.<sup>2</sup> There he would give dinners when in one afternoon £10 or £12 would be spent on entertaining his fellow farmers at table.<sup>3</sup> The English farmer was a gentleman of secondary rank. His wife and daughters would have blushed to be seen in the dairy, the poultry house or the kitchen. They bought their clothes in the neighbouring town, and aped the dresses of the squire's wife and daughters. If a farmer gave his son an education that was just passable and that son obtained a commission in the militia, ceased to farm in person and lived in the country on the income of the capital amassed by his father, he would have enough wealth, the necessary country tastes and sufficient culture to take his position in local society.<sup>4</sup>

Doubtless the harmony of interests between landowners and farmers was far from being complete. Whenever their mutual contracts expired, their demands came at once into conflict. While the lease continued, the rent had remained at the sum originally fixed, whereas the farmer's profits had risen with the rise in the price of foodstuffs derived from agriculture. Now, however, the landowner attempted, in drawing up the new lease, to obtain a higher rent, and thus

<sup>1</sup> Sinclair, *Scotland*, vol. i. p. 138.

<sup>2</sup> Cobbett, *Rural Rides*, October 20, 1825.

<sup>3</sup> *Thoughts on Enclosure*, by a Country Farmer, 1785, p. 21.

<sup>4</sup> See the beginning of Miss Burney's *Cecilia*: "Her ancestors" (Cecilia's) "had been rich farmers in the county of Suffolk, though her father, in whom a spirit of elegance had supplanted the rapacity of wealth, had spent his time as a private country gentleman. . . ." He left Cecilia a fortune of £10,000, and when she fell in love with young Delville, who belonged to a very old county family, the authoress informs us that "his situation in life was just what she wished, more elevated than her own, yet not so exalted as to humble her with a sense of inferiority." Boys, *Kent*, 1796, p. 32: "Those of the higher class, the large occupiers and principal yeomanry, are a very respectable class of society, and have a great weight in the political scale of the country."

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to reduce the farmer's profits to their former amount. Ricardo was shortly to write an enormous volume in order to combine against the landlords all the rest of the nation—heads of industries, workmen and farmers alike. According to him there existed an iron law in virtue of which rent was always rising while wages remained stationary, and the profits of the manufacturer and farmer, kept at the same level by the competition of capital, were constantly declining. The farmers, however, turned a deaf ear to the appeal of the economists. So long as their rent remained fixed, it was as much to their interest as to that of the proprietors that the market price of meat and corn should rise. And when the rise was artificial and due to the depreciation of the coinage they still profited. Those who suffered were the fundholders and officials—all, in fact, who were in receipt of a fixed income in cash. Creators of their own wealth, greedy of gain, and men who had always lived on and by the soil, the farmers felt themselves perfectly capable of holding their own against the landlords or their agents when a lease had to be renewed. The agents, indeed, were often solicitors more skilled in matters of legal procedure than in questions of farming. We have also seen how the class of landowners had contributed by many experiments to the progress of English agriculture. The relationship between the two classes was still up to a certain point one of collaboration, and the rent paid was not regarded as merely unearned increment. Part of the rent represented a salary earned by the work of supervision and direction. Part represented the profits of the extensive capital laid out on land and buildings.

There is no doubt that the general conditions regulating leases according to the law of England were extraordinarily onerous for the farmer. The law of distress or distraint empowered the landlord whose tenant failed to pay his rent to take the matter into his own hands, to seize through a bailiff and to sell the farmer's cattle or indeed all his movable effects. By the law of fixtures the farmer was left only a very limited and very dubious right to indemnification when the lease expired for any improvements which he had made in

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the farm. We must, however, inquire how rigorously this system of agrarian legislation was actually carried out. The English landlord claimed very commonly, if not always, to manage his estate in a spirit of liberality and consideration, not as a business man, but as a kind master. Under the old military feudalism the lord had required of the cultivators not so much to make him wealthy as to make him powerful by furnishing him with a large number of men. Even so, in modern times, there had been organized throughout the country districts of England a species of peaceful feudalism, in which the great aim of the landowners was to form an army of faithful voters, a band of political retainers. But to effect this he was obliged to make himself popular. The greatest landowners were also those who granted their tenants the most generous conditions and made every effort to deal with them in a friendly spirit.<sup>1</sup> Agrarian reformers were, as a general rule, in favour of extending the system of long leases as being the most favourable to good cultivation by the farmer, and as being their surest protection against exactions on the part of the landlord. But the opposite system of leases renewed annually, also found its advocates on the Board of Agriculture. They called attention to the fact that the districts in which this system prevailed—Bedfordshire, Cambridgeshire, and the North Riding of Yorkshire<sup>2</sup>—were those in which farms remained perhaps the longest in the same hands, passing generally from father to son and often changing ownership without a change of occupancy.<sup>3</sup> This was due to the fact that annual contracts establish the closest and most human relations between the two parties concerned—a matter of no slight importance in a country possessing free institutions where the landowner could not govern unless supported by the public opinion of the county.

There were also certain other laws and institutions which seemed calculated to menace the peace of the country

<sup>1</sup> *Corns Laws Report*, 1814, p. 25.

<sup>2</sup> *Ibid.*, 1814, p. 25.

<sup>3</sup> Batchelor, *Bedfordshire*, p. 43 ; Vancouver, *Cambridgeshire*, p. 181 ; Tuke, *North Riding*, 1800, p. 329.

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districts and to foster a revolutionary spirit among the class of farmers. Miss Burney, the novelist, noted in her *Diary* for November 1789, a conversation with Lord Mountmorres in which the latter predicted that revolutionary feeling would soon cross the Channel. "In what," asked Miss Burney, "could be its pretence?—The game laws, he answered, and the tithes."<sup>1</sup> By the game laws the crops were exposed throughout the whole year to the depredations of hares and pheasants, and during the hunting season to the damage inflicted by hunters and hounds. These laws were, moreover, being constantly made more stringent. The cost of a licence became ever dearer.<sup>2</sup> The crime of poaching was defined with increasing rigour; and the penalties enacted against it were made heavier. An Act of 1816 actually allowed even the mildest cases to be punished with seven years' transportation.<sup>3</sup> Moreover, sporting rights were confined by law to landowners the annual value of whose lands exceeded £100, to tenants whose leases were for life and who paid a rent of at least £150 a year. The magistrates who administered the law, namely the justices of the peace, were the very landowners

<sup>1</sup> *Diary of Miss Burney*, November 18, 1789 (ed. 1854, vol. v. p. 62).

<sup>2</sup> See for a list of increases in the cost of licences, Dowell, *History of Taxation*, vol. iii. p. 240 sqq.

<sup>3</sup> The fundamental statute was 22 and 23 Car. II, cap. 25. This had been rendered more stringent during the war by 39 and 40 Geo. III, cap. 50 (1800), and its severity was soon to be further increased by 56 Geo. III, cap. 130 (1816), amended the following year (57 Geo. III, cap. 50). The mere fact of being caught during the night with implements implying the intention to poach was treated as actual poaching, and the duration of this legal night was successively extended in 1800, 1816 and 1817. The Act of 1800 prescribed a maximum penalty of one month's hard labour in a house of correction, the Act of 1816 a maximum penalty of seven years' transportation. Throughout this period only one statute was passed (36 Geo. III, cap. 39, 54), showing an intention on the part of the legislature to soften the rigour of the game laws in the interest of the cultivator. This Act postponed the commencement of partridge shooting fifteen days. It was passed before a general election and repealed after it (39 Geo. III, cap. 34). See the debates, H. of C., April 16 and 18, 1799 (*Parliamentary Register*, vol. lxx. pp. 447, 453).



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whose pleasures it was designed to protect. As for the tithe, it was levied not on the clear profits but on the total produce. Hence the greater the cost of cultivation the heavier was the burden of the tithe on the cultivator who had to pay it to the Anglican clergy.<sup>1</sup> Nevertheless, the conflict of interests aroused by the game laws and the tithe was not so acute as the foregoing observations might lead us to believe.

The game laws did not set class against class, all the landowners against all the farmers. They forbade sporting rights to some landowners and gave them to some tenants. The severity of the penalties enacted was no anomaly in English criminal law. All the penalties prescribed by it were equally extravagant, and in default of an efficient police equally ill-applied. Moreover, whenever a poaching case assumed any importance it had to be tried at Quarter Sessions, where the magistrates were assisted by a jury. It would often happen that this jury, which was composed of poorer folk, succeeded by skilfully organized obstruction in preventing the execution of the law.<sup>2</sup> It was the same with the tithe. The tithe caused an immediate conflict of interests between the cultivators and the local representative of the Established Church. But however close the ties attaching the landowners to the Anglican Church, they had no love for an institution which discouraged farmers from improving their farms. It would not, indeed, be altogether untrue to assert that the landowners ultimately bore the burden of the tithe. Rent in Scotland was almost double what it was in England. Nevertheless, the Scottish farmers were no poorer than the English. That the English landlord received less than the Scottish landlord was due in part to the fact that the English farmer, unlike the Scottish, paid the tithe in kind. Accordingly the land-

<sup>1</sup> On the tithe question in 1815, see *Edinburgh Review*, August 1820, No. 67, Art. 3, *Plan for a Commutation of Tithes* (vol. xxxiv. pp. 61 sqq.).

<sup>2</sup> *Edinburgh Review*, March 1829, No. 97, Art. 3, *The Game Laws* (vol. xlix. pp. 70, 73-4). Landowners even complained that if the case came to assizes the judges favoured the poachers as against themselves (see Lord Milton's letter to Lord Kenyon, July 5, 1791, *Life of Lord Kenyon*, p. 267).



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owners composing the Board of Agriculture supported their tenants' demand for the reform of the tithe.

We cannot, in short, deny the existence of serious divergences of interest alike in England and Scotland between the landowners and the farmers. Inhabitants of other countries, men of a more levelling humour and brought up in different intellectual and religious traditions, would have refused perhaps to tolerate oppressive and humiliating institutions, even as a practical compromise. It is, however, indubitable that the state of English society rendered such a compromise possible and that the English farmers accepted it. They turned a deaf ear to the entreaties of the economists and Radicals. In a few years Cobbett would bear angry witness to the persistence of this sense of solidarity between the tenants and those whom, in his opinion, they ought to regard as their exploiters. Ruined by the restoration of peace and the fall in the price of corn, they saw no other remedy for their ills than a new war, and read nothing beyond the local papers, the inspired organs of their landlords. "The farmers," he wrote, "are cowed down: the poorer they get, the more cowardly they are. . . . They hang on, like sailors to the masts or hull of a wreck."<sup>1</sup>

Farmers and landlords formed a solid body of opinion. The two classes united were the governing class of the country districts. They had forwarded with extreme activity the cause of agricultural progress. At what cost had this been effected? The system of large farms was accused of having been a direct cause of the formation of an agricultural proletariat, a wretched and discontented class entirely without community of interests or feeling with the block of rural capitalists.<sup>2</sup> The system was also charged with rural

<sup>1</sup> *Rural Rides*, October 30, 1821, October 11, 1822, May 18, 1830.

<sup>2</sup> Tooke, *History of Prices*, vol. i. p. 140 n.: "By agricultural interests, I mean exclusively farmers and landlords and owners of tithes, who are alone benefited by an advance of price resulting from scarcity." Landlords and farmers had come to assume such importance as apparently to constitute by themselves the entire agricultural world. The existence of the poor was forgotten.

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depopulation and the influx into the towns of the hands needed by manufacturers. It had thus, it was alleged, contributed indirectly to the formation of a revolutionary proletariat of the great industries. Both these grievances must now be examined in turn.

### *The Agricultural Proletariate.*

According to the old system the labourers on the fields were farm servants boarded and lodged by the farmers who employed them. Once yearly, usually at Michaelmas, the Statute Fair was held at some town in the district. Thither the farmers flocked from all sides to hire the necessary servants for the following year. These occasions were the saturnalia of the country folk. For eight days the young men and girls found themselves free from the contract which had bound them to a master during the past year. The farmers were also away at the fair, and their wives had bolted themselves in the empty farmhouses, terrified by the crowds of tramps and drunkards passing on the roads. When the actual fair day came the labourers took their station in the marketplace. The shepherd wore a tuft of wool in his hat, the milkmaid a tuft of cow's hair, the carter a piece of whip-cord, and the stableman a bit of sponge. By the evening all the agreements had been concluded. Every youth could now spend his last day of freedom amusing himself with his girl. Then for a year to come, perhaps for a longer period, if he

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See the following characteristic anecdote related by Butler, *Reminiscences*, p. 69: "Mr. Pitt, being on a visit in Essex, descanted with great satisfaction on the prosperous state of the poor. His host let the discourse drop, but contrived that, on the following day, Mr. Pitt should walk in the adjoining town of Halsted. It presented a state of the utmost poverty and wretchedness. He surveyed it for some time in wonder and silence; and then declared that he had no conception that England presented, in any part of it, such a scene. He made a liberal donation to its distressed inhabitants, and soon afterwards brought into Parliament a Bill for the relief of the poor."

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had so arranged with his master, he would share the life of the latter, dining at the lower end of the great oak table where the farmer presided in person, said the grace, carved the bacon, poured out the beer, and distributed the potatoes. Here was indeed a patriarchal régime<sup>1</sup> which for this very reason tended to disappear with the introduction into farming of the methods of modern capitalism.

It was always necessary to keep a certain number of servants who lodged at the farm to look after the sheep, the cattle and the horses. But as the farms increased in size, the farmers adopted more and more the ways of middle-class mercantile life, and strove to emphasize more clearly the distance dividing them from their hired servants. They ceased to dine at the same table with them. They made the number of labourers living at the farm as few as possible.<sup>2</sup> They had now every possible motive for paying their servants no longer by the year, but either by the job or by a very short period of time, by the month, the week or even the day.<sup>3</sup> The disappearance of the small farms involved the disappearance of skilled labourers, who were, moreover, rendered less valuable by the improvement of agricultural machinery. The Poor Law system gave the right to relief to every pauper who had lived at least a year in the parish. It was, therefore, to the interest of the farmers who had to pay the cost of this relief to prevent the labourers passing twelve months in the same place.<sup>4</sup>

<sup>1</sup> Howitt, *Rural Life of England*, 1840, p. 493.

<sup>2</sup> Mavor, *Berkshire*, 1813, p. 416; Young, *Norfolk*, 1804, p. 484; Batchelor, *Bedfordshire*, 1808, p. 580.

<sup>3</sup> For piece work see Tuke, *North Riding*, 1800, p. 285. For a comparison between piece and time work in agriculture, see Sinclair, *Scotland*, vol. iii, pp. 247-8 n. For work by the day, see Bailey, *Durham*, 1810, p. 262. For the harvest, labourers were hired every morning, by a kind of auction in every village, one farmer bidding against another, and very often (either from necessity or pique) to very extravagant lengths. In Devonshire and Cornwall the farmers often availed themselves of the parish apprentices (Worgan, *Cornwall*, 1815, p. 159; Vancouver, *Devonshire*, 1813, pp. 359-361). For the parish apprentices, see below p. 264.

<sup>4</sup> Eden, *State of the Poor*, vol. i. p. 347. He quotes Dr. Burn, *History of the Poor Laws*, 1764. Cf. Stevenson, *Dorset*, 1812,

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Moreover, farm servants were exacting about their food. They demanded in the morning cold meat, cheese, bread and beer; in the middle of the day roast or boiled meat and pudding, and in the evening meat again.<sup>1</sup> In one of his short rural poems Crabbe depicts a farmer's daughter who had been brought up in the town, terrified and disgusted by their swinish gluttony. It was both simpler and cheaper to pay the labourer who worked daily on the fields a wage on which he must get his own living as best he might. "Why," asked Cobbett, "do not farmers now *feed and lodge* their work-people, as they did formerly? Because they cannot keep them *upon so little* as they give them in wages. This is the real cause of the change."<sup>2</sup>

Agricultural labourers were not equally in demand throughout the whole year. There were certain important seasons—the hay and wheat harvests—when the farmer found himself in sudden and immediate need of an abundant supply of labour for a few weeks or perhaps only for a few days. To meet these intermittent demands for hands regular migrations of labour had come into existence throughout the United Kingdom. Bedfordshire sent haymakers to the neighbourhood of London, and in turn sought its harvesters from Northamptonshire and Buckinghamshire.<sup>3</sup> Every year seven or eight thousand harvesters from Dorsetshire and Somersetshire landed in the Isle of Wight; as the Isle of Wight was close to the great naval harbour of Portsmouth, the landowners and farmers took all necessary precautions

p. 454: "It is said to be prevalent to hire servants for only eleven months, for the purpose of avoiding additional encumbrances on the parishes. See also *Poor Laws Report*, 1817, *Minutes of Evidence*, pp. 69, 88-9.

<sup>1</sup> See Donaldson, *Northamptonshire*, 1794, p. 45. Cf. Parkinson, *Huntingdonshire*, 1813, p. 285; Middleton, *Middlesex*, 1798, pp. 388, 285; Driver, *Hampshire*, 1794, p. 27; Vancouver, *Hampshire*, 1813, 383. Servants were worse fed in the north than in the south.

<sup>2</sup> *Rural Rides*, October 20, 1825.

<sup>3</sup> Batchelor, *Bedfordshire*, 1808, p. 598.

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in war-time to secure their harvesters from the press gang.<sup>1</sup> The workmen of the towns knew that in case of unemployment they could find work on farms in the neighbourhood of the great manufacturing centres. Hence the price of labour rose or fell in the country as industry prospered or languished in the towns.<sup>2</sup> The poorer and more backward regions of the kingdom sent workmen every year to seek good wages in the richer and better-cultivated districts. The Highlands of western Scotland furnished labourers to the farms of the east and south. The poverty-stricken inhabitants of the Welsh mountains, and especially of Cardiganshire, flocked down in bands into the West of England, where they were known as the *Companies of Ancient Britons*.<sup>3</sup> A horse without bridle or saddle accompanied each band. He was ridden by each in turn, and the fatigue of the journey was thus lessened for all. One of the band knew sufficient English to act as guide and interpreter. Their ignorance was exploited. A foreman usually treated with the farmer and then engaged the necessary hands at a lower rate. These Welshmen were temperate, industrious and naturally grateful, easily irritated but easily satisfied. For some years past they had come in smaller numbers. The Irish, on the other hand, had been pouring into England. They were unpopular both because they lowered wages and also because they were noisy and quarrelsome. Brawls, often bloody, were constantly breaking out between them and the natives.

The large farmer, however, could not cultivate his farm with no other assistance than this floating mass of labourers. He needed a certain number of settled labourers who would always be at his disposal. These he found in the neighbouring village or borough. Unfortunately the more industrious and intelligent men yielded to the attractions of the large factories and of the large towns. Those who remained behind were the more indolent and the more careless. The result was that

<sup>1</sup> Warner, *Isle of Wight*, 1794, p. 65.

<sup>2</sup> Wedge, *Warwickshire*, 1794, p. 295.

<sup>3</sup> J. Clark, *Herefordshire*, 1794, p. 29; J. Duncomb, *Herefordshire*, 1805, p. 64.



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the authors of the large farm system, after they had helped on the disappearance of the petty landowners, of the small tenants and of the servants living in the farmhouse, now began to ask themselves whether their interest did not force them to take action against certain natural consequences of the new method of farming. In the North of England and the South of Scotland a contract of service prevailed in virtue of which the agricultural labourer, the *hind* as he was called, not only received part of his wages in cash but was in addition lodged in a cottage of his own, given a piece of land, and supplied with a certain amount of fuel and oats. In return for these advantages the hind entered into an obligation to work for his master the whole year round.<sup>1</sup> This bondage system was perhaps simply an attenuated form of the ancient serfdom. The cottage system, however, which resembled it in several respects and which was becoming general in England, was a new invention, begotten by the necessities of modern capitalism.

The philanthropists, led by Lord Winchelsea, and supported by the Board of Agriculture, advocated the plan of letting to the labourer at a low rent a cottage and a little ground close to the farm on which he worked.<sup>2</sup> Arthur Young, on his journey through Lincolnshire, remarked with admiration on the comfortable dwellings and pretty gardens which Sir John Sheffield and Lord Carrington had established on their estates for the accommodation of the agricultural

<sup>1</sup> Bailey and Culley, *Northumberland*, 1794, p. 53; Pringle, *Westmorland*, p. 29; Howitt, *Rural Life of England*, p. 119.

<sup>2</sup> See *Reports of Society for Bettering the Condition of the People*, vol. i. p. 116 (1797); extract from an account of three cottagers keeping cows, and renting land in Rutlandshire, by the Bishop of Durham; also *ibid.*, p. 129, extract from an account of the advantages of cottagers renting land, by the Earl of Winchelsea. Cf. G. Slater, *English Peasantry*, pp. 132 sqq. The same author mentions (pp. 127-8) thirteen statutes passed between 1757 and 1812, all except one Acts of Enclosure, designed to protect the cottagers' rights. In 1775 a statute of Elizabeth was repealed, which prohibited the erection of cottages to which less than four acres of ground were attached. (See Eden, *State of the Poor*, vol. i. p. 361).



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labourers. "Population increases so," wrote Young, "that pigs and children fill every quarter."<sup>1</sup> The landowners realized the danger to which their hayricks and cornstacks, their farm buildings and their houses, would be exposed in a time of dearth, from a poverty-stricken and barbarous proletariat. They knew how much it cost to feed the proletariat at the public expense in order to prevent such hunger riots. The cost of erecting these small labourers' cottages was considered by many competent witnesses more than repaid to the landlord by the decrease effected in the charges of poor relief. The amount of the poor rate, they maintained, varied enormously—from 4 per cent. to 36 per cent. of the total sum chargeable upon the parish—according as it contained a larger or a smaller number of these cottages built by philanthropic enterprise.<sup>2</sup>

This poor rate was levied not only on the owners of land but also on all those who occupied it on any sort of title. It was, therefore, as much to the farmer's interest as to the landlord's to introduce this cottage system. The farmers, therefore, followed the example of the landowners and began to let cottages to their labourers. Sometimes they defrayed the cost of erection themselves. In other instances the landlord built the cottages and allotted the adjoining ground. Then the farmers obtained from the agent a general lease of the cottages and took upon themselves the task of subletting them one by one, and of collecting a number of small rents. By this they got the labourers well into their power.

What motive, indeed, had the farmer to deal generously? He was a business man, with his fortune to make—not a fine gentleman for whom the art of good living consisted in knowing how to spend freely money earned by toil of others. He would not hear of any useless luxury. He saw no need for the elegant cottages, built pretentiously in Gothic—such as were to be seen on the estates of some great land-

<sup>1</sup> Young, *Lincolnshire*, 1799, pp. 412 sqq.

<sup>2</sup> De Montveran, *Situation de l'Angleterre*, vol. i. pp. 295-6, who quotes the *Report of the Board of Agriculture* for 1816.

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owners. A mud hovel, dark and badly ventilated, was quite sufficient. There must be no field whose cultivation would take up some of the labourer's time. A tiny kitchen garden was enough. Every day the labourer must be at his employer's disposal. There must not be a meadow to pasture a cow—since that would require too much care—but merely sufficient land to keep a pig. The lease of the cottage and garden became thus a new and additional means of exploiting the labourer—a means of paying him partly in kind and thereby of lowering his wages, an indirect and elaborate form of the truck system. £1 a rood or £4 an acre was a fair rent. We cannot say the same of a rent of 1s. a rod, or £8 an acre, which Cobbett remarked in Wiltshire in 1826. "Still," added Cobbett, "the poor creatures like to have land: they work in it at their spare hours, and on Sunday mornings early."<sup>1</sup> The cottage system became a device to tie the labourer to the soil under an ostensible system of free contract and to oppress him more thoroughly. A system of petty cultivation had grown up by an inevitable reaction, as it were an offshoot of the large farm system.

How then did the agricultural labourer live? For the last fifty years, and more particularly for the last twenty-five, their wages had been constantly rising. About 1793, at the outbreak of the great war, the average wage—so far as it is possible to arrive at an average for all the counties of England—did not exceed 1s. a day during the winter months, 1s. 6d. during the summer months. About 1800 we find an increase of 20 to 25 per cent. After 1807 the upward movement became more rapid. 2s. became the average wage, even the minimum winter wage. In summer wages rose in some counties to 3s. in 1810, to 3s. 6d. in 1813. The farmer raised loud protests and attributed to over-payment the growing drunkenness, idleness and insolence of the labourers. The agriculturists, and among them the members of the Board of Agriculture, echoed their complaints. "Farmers, like

<sup>1</sup> Cobbett, *Rural Rides*, Highworth (Wiltshire), September 4, 1826. Cf. Cirencester, November 7, 1821. The rent of £4 per acre was that asked by Sir John Sheffield in Lincolnshire (Young,

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manufacturers . . . require *constant labourers*—men who have no other means of support than their daily labour.<sup>1</sup> . . . The greatest of evils to agriculture would be to place the labourer in a state of independence, and thus destroy the indispensable gradations of society.”<sup>2</sup> We must, however, ask how much truth there was in these complaints. Certainly the nominal wage had risen during the last twenty-five years; but was it the same with the real wage? The labourer kept on receiving more and more money. But would this larger sum purchase him a proportionally greater amount of food and other necessities of life?

The contemporary economists answered unhesitatingly in the negative—indeed they maintained that such a thing was in itself impossible. According to the laws enunciated by Malthus, population was always pressing upon the means of subsistence. If in any part of the world it happened by accident that the number of inhabitants was larger than could be supported by the amount of foodstuffs at their disposal, famine, disease and war would soon remedy the disproportion by exterminating the surplus population.

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*Lincolnshire*, 1799, pp. 412–13). Parkinson (*Rutlandshire*, 1808, p. 101) gives the same rent. Those who drew up the surveys of the Board of Agriculture were agreed that in the lease of cottages the farmer must not be allowed to come between the landlord and the labourers, as otherwise the latter would infallibly be oppressed.

<sup>1</sup> Marshall, *Western Department*, p. 115.

<sup>2</sup> Rudge, *Gloucestershire*, p. 48. He concludes thus: “The great body of mankind, being obliged to live with, and by each other, must necessarily consist of proprietors and workmen.” Donaldson, *Northamptonshire*, 1794, p. 45: “The luxury in which this class of people live, accounts in a great measure for the necessity of levying such immense sums annually for the support of the poor in England.” Young, *Lincolnshire*, 1799, pp. 397–8 n. (High Wages in the Fens): “The consequences of such high prices are very baneful. The workmen get drunk, work not above four days out of the six; dissipate their money, hurt their constitutions, contract indolence and vicious dispositions, and are lost to the community for at least one-third of their time in this important crisis. It is a pity—but the legislature could interfere.” Cf. *ibid.*, pp. 420–1.

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If, conversely, the rate of production exceeded the growth of the population, an increase in the birth rate would soon restore equilibrium. According to Ricardo, wages should be regarded as a fixed quantity, unalterable by economic progress, temporary oscillations about a constant mean being, of course, negligible. Nominal wages might, indeed, rise, but it would be found in the long run that the rise was but apparent—the result of a decrease in the purchasing power of money—and that the increased wage would after all go no further than the old wage had done. Whether this is really a law of nature, as Ricardo maintained, and whether or no the Malthusian explanation be satisfactory, are questions of very little importance. The fact remains that Ricardo could never have framed such a law, had it not represented more or less exactly an economic phenomenon whose reality was admitted by all observers at the time when he wrote.

1815 and 1816 were the years during which he worked out his famous *Principles*. That is to say, he undertook his great work at the very moment when the agrarian problem was occupying the attention of the public, of Parliament and of the Press. It is extremely probable that his iron law was first suggested by the course of agricultural wages during the preceding half-century. About 1770 Arthur Young estimated the weekly wage of an agricultural labourer at about 7s. 4d. About the same date the price of wheat was about 42s. 4d. a quarter. In 1810 and 1811, as the result of very careful investigation, he estimated the average weekly wage of a labourer at 14s. 4d. Wages had, therefore, almost doubled. Wheat, now stood at 105s. 4d. a quarter. The rise of wages had almost corresponded to the rise in the price of wheat. Ricardo's law had been verified. But according to Arthur Young the rise in the prices of meat, butter and cheese had exceeded the rise in the price of bread.<sup>1</sup> Ricardo's theory would thus be too optimistic.

<sup>1</sup> Arthur Young, *Inquiry into the Rise of Prices*, 1815, pp. 201–2. It would be interesting to compare prices for the exact period covered by the great war, 1792–1814. Several surveys of the

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The real wage of the labourer would have fallen, since according to Young the increase of his nominal wage had been less rapid than the rise in the price of his necessary food.

Suppose, however, that we admit the exact verification of Ricardo's law, and affirm that the real average wage had remained the same during the last fifty years. We have still to discover the actual value of this constant wage—whether it allowed the labourer to live in decent comfort or was but a starvation wage. The landowners and farmers who gave evidence before the Corn Law Committee of 1814 expressed their conviction that a labourer and his family could live well on a wage equivalent to the cost of a bushel of wheat—the standard to which in practice the average wage of an agricultural labourer tended to approximate. Can we, however, put faith in such interested testimony? What, moreover, are we to understand by a sufficient wage? The witnesses defined it as a wage sufficient to feed, clothe and lodge a family consisting of the husband, the wife and two children. But there might well be more than two children.<sup>1</sup> Sir Frederick Morton Eden, the statistician,

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Board of Agriculture were repeated at different dates for the same county and allow of comparison. See especially Maxwell, *Huntingdonshire*, 1793, p. 18, and Parkinson, *Huntingdonshire*, 1813, p. 268; also Granger, *Durham*, 1794, p. 44, and Bailey, *Durham*, 1810, p. 262. Their evidence confirms the results reached by Young. For the difficulty of reaching a decided conclusion, see Hasbick, *History of the Agricultural Labourer*, pp. 125-6.

<sup>1</sup> *Corn Laws Report*, 1814, *Minutes of Evidence*, p. 59: "Will a bushel suffice for the maintenance of a man, his wife and two children, including all his necessary expenses? Yes, certainly, it is what we calculate; we calculate that every person in a labourer's family should have per week the price of a gallon loaf, and 3d. over for feeding and clothing, exclusive of house rent, sickness and casual expenses" (p. 16). This wage is regarded as sufficient to satisfy somewhat larger needs: "Do you believe that anywhere a labouring man maintains himself and his wife and the four children upon 15s. a week? Where they have three children, I think they do; but when they have larger families they generally revert to the parish." Cf. Ricardo, *Principles*, chap. v. (ed.



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made an inquiry in 1795, about the commencement of the war, into the annual wages and expenditure of fifty families of the country labourer class, taken from the most diverse districts of England. He found, almost without exception, a deficit which in one instance exceeded £20.<sup>1</sup> Apart from such statistics, the significance of which is always disputable, the history of the Poor Law affords a striking proof of the inadequacy of the wages received by agricultural labourers during the past twenty-five years. In 1795 the Buckinghamshire, Berkshire and Hampshire magistrates had admitted the insufficiency of wages, had determined once for all what the normal labourer's wage should be in proportion to the price of wheat, and had decided that henceforward the landowners and farmers must pay in the shape of poor rates the difference between this normal wage and the wage actually paid. So pressing was the need met by this novel measure that it was inevitably adopted by degrees in all the southern counties of England.

This, then, was the expedient devised by the governing classes to give some satisfaction to the labouring population of the country districts, lest driven by want and infected by the contagion of French ideas it should plunge into revolutionary excesses. The expedient proved ruinous, and was by no means always efficacious. The extremely sudden and violent fluctuations in the price of wheat baffled calculation and rendered useless the administration of relief. From 61s. 8d. in May 1797, the price of the quarter rose to 134s. 5d. in June 1800, and 156s. 2d. in March 1801. In August 1812 it was once more at a figure practically identical with that of June 1800. Then a fall began. In August 1813 the price of the quarter was 112s., in December it was 75s. 6d., in July 1814 66s. 5d., and in January 1816 it was to reach the

MacCulloch, p. 50): "The natural price of labour is that price which is necessary to enable the labourers, one with another, to subsist and to perpetuate their race, without either increase or diminution."

<sup>1</sup> Eden, *State of the Poor*, vol. iii. Appendix, pp. cccxxxix sqq.

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minimum figure of 52s. 6d.<sup>1</sup> This meant a time of prosperity for the labourers, and of severe loss for the landowner and farmer. The landowners made their grievances heard in Parliament and attempted to keep up prices by raising the tariff. The farmers entered into conflict with the labourers and attempted to reduce their wages. Then the quarter rose suddenly to 74s. in May, to 117s. in June. The result was an outbreak of rioting throughout the country districts.

In the eastern counties—Essex, Suffolk, Norfolk, Cambridgeshire, and Huntingdonshire—stacks and houses were burnt and agricultural machinery broken.<sup>2</sup> In the district around Ely nothing short of an armed rebellion was organized, and its repression by the Government was marked by several executions. The labourers demanded a rise of wages, and the enactment of a fixed maximum price for bread and flour.<sup>3</sup> They even formulated more daring demands. It was under an agrarian form that revolutionary Socialism made its first appearance in England immediately after 1815. Spence and his disciples demanded the expropriation of the landholders, the restoration of collective ownership of the land, and the establishment in each parish of a system of common cultivation. In short, the system of landed property had led in Great Britain to results similar in certain respects to the results of the system in Ireland. It had formed two separate classes whose interests were totally distinct and discordant—on one side the landowners and farmers who wanted their produce to be dear and wages

<sup>1</sup> Tooke, *History of Prices*, vol. i. pp. 212, 216, 224, 323, 341; vol. ii. pp. 2, 4.

<sup>2</sup> *Annual Register*, 1816, *Chronicle*, pp. 61–2, 65, 76, 191. Incendiarism was not confined to the eastern counties, but occurred also in Surrey in the neighbourhood of Godalming (June 29th), in Wiltshire, around Chippenham (December 1st), and in Devonshire, around Honiton and Exeter (June 11th and 22nd).

<sup>3</sup> *Annual Register*, 1816, p. 93, and 1817, p. 9 (*Report of the Secret Committee of the House of Lords appointed to inquire into certain Meetings and Combinations endangering the Public Tranquillity*). For the revolutionary spirit predominant among the agricultural labourers of the Cambridgeshire fens, see Vancouver, *Cambridgeshire*, 1794, p. 176.

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cheap; on the other the labourers who wanted high wages and cheap bread. When the labourers prospered, the capitalists complained. When the capitalists grew wealthy, the labourers suffered. There had grown up in the country districts of England and Scotland, as in those of Ireland, a proletariat ripe for revolt.

### *The Problem of Rural Depopulation.*

We have still to examine the second accusation brought against the agrarian changes introduced by the English and Scottish landowners and their farmers. What truth underlay the contention that those changes had disturbed the equilibrium of the national economy, had emptied the countryside of its inhabitants, and had led in consequence to the formation of vast urban centres? It is impossible to return to this second question an answer so categorical as we did to the first.

It would hardly be true to assert generally that, as the landowners and farmers increased their estates and farms they tended to substitute for arable land which demanded constant care and many labourers, pastures on which a handful of shepherds sufficed to take care of enormous flocks. This had, indeed, happened in the 15th and 16th centuries in Tudor England, when the first enclosures were made, and when a mass of small cultivators, condemned to vagrancy and cast upon the towns, complained that England had been transformed into one enormous sheepwalk. This was, moreover, what was taking place in 1800 in the Highlands of Scotland, or, to speak more accurately, in one part of the Highlands.<sup>1</sup> A species of feudal system had survived there down to 1745, when the expedition of Charles Edward and the final Scottish rebellion took place. The clan chiefs let their territory to the greatest possible number of tenants;

<sup>1</sup> For all the following see Lord Selkirk's admirable work, *Observations on the present State of the Highlands of Scotland* . . . 1805.

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for their farmers were their soldiers, and the more numerous they were, the greater was the military and social importance of the chief. The same thing took place among those tenants who had leased the more fertile lands, and who were called *tacksman*. These installed in turn on their farms small cultivators or *cotters*, who paid for this grant of a strip of land by furnishing a fixed amount of labour on the estate retained by the tacksman for himself. The relative importance of each tacksman in the chief's army was determined by the number of cotters whom he could produce in the field. As soon as the rebellion had been crushed, this savage country was rapidly civilized by the energetic efforts of the English Government, aided by the active co-operation of the Scotch themselves. The disappearance of these last relics of feudalism involved the same consequences as the disappearance of English feudalism had involved two centuries earlier.

Peace reigned throughout the entire country. The great landowner and the tacksman were no longer leaders of an armed band anxious to support the largest possible number of retainers. They had been transformed into capitalists eager to grow rich by the receipt of high rents. In this cold and mountainous country the cultivation of cereals barely sufficed to provide food for the cultivator. The Highlands were, on the other hand, adapted perfectly to the raising of cattle—oxen and especially sheep. Breeders from the Lowlands established themselves in the Highlands as large tenants to raise their cattle on the tablelands of the north. The tacksmen followed their example, threw their land into pasture, and got rid of the cotters. The value of land rose enormously. We hear of one estate sold in 1764 for £3,800, which brought in an income of £800 in 1801, and of another bought in 1736 for £16, which was sold by auction in 1794 for £3,620.<sup>1</sup> What, then, was the fate of the small cultivators who had been expelled? The poorer among them settled in the Lowlands and constituted the proletariat of the important industrial centre which was

<sup>1</sup> A. Irvine, *Inquiry*, pp. 24-5.

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coming into existence on the banks of the Clyde. Those who had a little capital at their disposal went down to the port of Greenock and thence embarked for America. Public opinion took alarm at this emigration. It was a pure loss of capital and men—men, moreover, with the most valuable qualities, good farmers, excellent soldiers. Attempts were made to keep the Highlanders in the country by employing them on great public works. Immediately, however, certain works of urgent necessity had been carried out—the construction of harbours, roads and canals—the emigration began once more.<sup>1</sup> The public alarm continued unallayed.

The sufferings attendant upon the revolution which took place in the rural economy of the North-West of Scotland at the opening of the 19th century were perhaps inevitable. It is hard to conceive that so profound a social change

<sup>1</sup> It may be asked to what extent did this movement of emigration during the opening years of the century involve an actual decrease of population. The answer is supplied by the following statistics for the districts affected, taken from the three first census returns: *Caithness*, 1801, 22,609 inhabitants; 1811, 23,419; 1821, 30,238. (Increase, 1801–11, 4 per cent.; 1811–21, 29 per cent. A decrease of population occurred only in 3 out of 10 parishes.) *Sutherland*, 1801, 23,117; 1811, 23,629; 1821, 23,840. (Increase, 1801–11, 2 per cent.; 1811–21, 0 per cent. A decrease occurred in 7 out of 14 parishes.) *Inverness*, 1801, 74,292; 1811, 78,356; 1821, 90,174. (Increase, 1801–11, 5 per cent.; 1811–21, 15 per cent. A decrease occurred in 3 out of 36 parishes.) *Ross and Cromarty*, 1801, 55,343; 1811, 60,853; 1821, 68,828. (Increase, 1801–11, 10 per cent.; 1811–21, 13 per cent. A decrease occurred in 7 out of 34 parishes.) It must be admitted, therefore, either that the emigration only carried off surplus population (Selkirk, *Observations*, pp. 112 sqq.), or that even in the district concerned there was no actual decrease of population but simply a change in its distribution; and that even in the most distant counties, small towns had grown up large enough to compensate for the rural depopulation. We must not fail to notice that at any rate the small tenants and cotters were not expelled at this period, as they were to be later, in order to transform the land which they occupied into pleasure estates, into enormous deer forests. Sir John Sinclair remarked in 1814 (*Scotland*, vol. i, pp. 171–2) that the Highland deer forests had lost much of their original extent, and that a large number had been devoted to sheep farming.



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could be effected without a time of distress and crisis. In any case the difficulties which four or five Scottish counties had to face were peculiar to themselves. Nothing at all similar took place in England or even in the South of Scotland. There a certain amount of land was undoubtedly thrown into pasture; but it consisted either of mountainsides naturally barren, which were usually nothing but desolate wastes before they were employed to pasture sheep, or more fertile tracts, plains in the Midland and alluvial valleys, where cattle were fattened for some months for the butchers, on farms far smaller than the vast estates of the north. Hence the pasture system entailed in England far less depopulation than was the case in the Highlands. But the characteristic feature of the period which concluded about 1815 was not the extension of pasture. Wool was cheap, corn was dear. The cultivation of cereals was, therefore, more lucrative than the raising of sheep. Every year fresh meadows came under the plough. The agriculturists even attempted to grow corn on the high plateaux where the cost of cultivation was very high and where the attempt was only justified by the equally high prices of corn at that time. It may perhaps be maintained that the new methods of agriculture now being employed in England had contributed to the depopulation of the country districts. To determine this point we must answer the question whether or no the system of large arable farms necessarily involved a decrease in the rural population.

Take, for instance, the case of a Hampshire farmer who sowed 1,400 acres of corn and 2,000 acres of rye. The total area of the farm was 3,000 acres. It covered the ground formerly occupied by forty small farms. Was it to be wondered at, asked Cobbet, that in such circumstances the number of paupers was increasing?<sup>1</sup> Or again, take the case of Highclere, where the common land was divided and cultivated at great expense by a handful of farmers in the attempt to grow corn. What, asked Cobbett, was to become of the poor folk who used to turn their geese and their donkey

<sup>1</sup> *Rural Rides*, Bollitree (Herefordshire), November 14, 1821.

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out to graze upon it, and cut turf for their fuel on the waste.<sup>1</sup> Nevertheless, however plausible such charges may sound, we should hesitate to decide in what measure they were well founded. Undoubtedly when an Enclosure Act had divided a common among several owners, it usually happened that many, perhaps the majority of these, ceded their right and went away. But we have still to ask whether or no this decrease in the number of owners was compensated by the increase in the number of wage-earning labourers; and, if it was so compensated, what proportion of these labourers lived permanently on the spot, either at the farm itself or near it, as opposed to those who came from a distance to work for a few weeks and then disappeared leaving the country uninhabited. The complexity of the problem is obvious.

It would certainly appear that the years immediately following the execution of an Enclosure Act always witnessed an increase of the population at the place where the enclosure was made. There were fences and hedges to be made, the land to be divided and drained. All this required labourers at work during the entire year. A witness giving evidence in 1817 before a parliamentary committee affirmed that the population of his parish had increased 6 or 7 per cent. since the census of 1811. When asked to explain the increase he attributed it unreservedly, as if the fact were self-evident, to the enclosure which had taken place "eight or nine years back." "We have," he said, "more work in the parish."<sup>2</sup> The census returns of 1801, 1811 and 1821 prove that in every county of England without exception—both in those whose population was mainly industrial and in those where it was mainly agricultural—the population had increased. The rate of increase exceeded 10 per cent. in every county

<sup>1</sup> *Rural Rides*, Burghclere, November 20, 1821.

<sup>2</sup> *Poor Laws Report*, 1817, *Minutes of Evidence*, p. 114. Cf. Vancouver, *Cambridgeshire*, 1794, p. 175: "Inclosures appear to increase population. . . . The additional employment seems to attract more than additional assistance, some part of which becomes stationary and thus the population is increased."

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save twelve<sup>1</sup> during the first decade of the century, in every county save two<sup>2</sup> during the second decade. We have obviously to do with a conflict between two sets of causes—the one set tending to increase, the other to diminish, the population. The causes promoting increase operated by far the most strongly in the industrial districts, but even in the agricultural districts they still about 1815 tended to prevail more or less decidedly over the causes of depopulation.

Even in so far as the country was losing population by the movement of the poorer class to the towns, it remains doubtful whether the extension of the large farm system is the true explanation of the fact. Two phenomena appeared simultaneously in England during the 18th century—cultivation on a large scale, and the rise of the great industries. It is hard to say how far either of these phenomena was the cause or the effect of the other. Did the example of the first great manufacturers fire the emulation of landowners and incite them to transform their farms into these rural factories? Or was it rather the general adoption of the policy of enclosures, and the expropriation of the yeomen, that drove into the towns a sufficient number of men to furnish the manufacturers with the hands necessary to work their improved looms and to watch their steam engines? Or again had the large manufacturers, like some vast suction pump, begun to draw into the towns all the floating popula-

<sup>1</sup> (1) An entire group of adjoining counties, namely—to proceed from south to north—Dorsetshire (8 per cent. increase), Wiltshire (5 per cent.), Berkshire (8 per cent.), Oxfordshire (9 per cent.), Buckinghamshire (9 per cent.), Northamptonshire (7 per cent.), Warwickshire (10 per cent.); (2) the two northern counties of Northumberland (9 per cent.), and Westmorland (10 per cent.); (3) Herefordshire (9 per cent.), Norfolk (7 per cent.), Rutlandshire (0 per cent.). In the North Riding of Yorkshire the increase during this period was only 7 per cent.

<sup>2</sup> Shropshire (increase 6 per cent.), Herefordshire (10 per cent.). From 1821 to 1831 the rate of increase in 14 counties did not exceed 10 per cent. These are the same counties as those mentioned above for 1801–11 and 1811–21, with the exception of Warwickshire and Northumberland, and with the addition of Cumberland, Suffolk, Huntingdonshire, and Hertfordshire.

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tion of the countryside, and thus compelled the landowner to introduce machinery into his farms to meet the dearth and scantiness of agricultural labour? It was probably a case of action and reaction. According to the period under consideration we should find that one or the other of these alternating causes was the predominant factor. Probably, also, the later the period and the nearer to 1815, the more decisive was the influence exercised by the progress of industry over that of agriculture.

At the beginning of the 18th century a large number of poor people, scattered up and down the country districts, lived in part by the cultivation of the soil, in part by the spinning and weaving of flax and wool. But when the separation between agriculture and manufacture had taken place, how was it possible for these small cultivators deprived of half their livelihood to live in decent comfort?<sup>1</sup> The more intelligent and more well-to-do among them took to manufacturing, and became the organizers of the new world of industry.<sup>2</sup> The others, less quick-witted and lacking the requisite capital, fell into the ranks of the proletariat, and obtained work as labourers either on the large farms or more commonly in the large factories.<sup>3</sup> Here we have a cause whose action, every year more marked, singularly facilitated the concentration of the farms, and explains, moreover, why the protests raised in England against the enclosures became fainter every year. It was easy for

<sup>1</sup> Worgan, *Cornwall*, 1815, p. 33; Vancouver, *Devonshire*, 1808, p. 387; Cobbett *Rural Rides*, Horsham, July 31, 1823.

<sup>2</sup> Holt, *Lancashire*, 1794, p. 13: "Not only the yeomanry but almost all the farmers who have raised fortunes by agriculture, place their children in the manufacturing line." "The farmers in this country mostly spring from the industrious class of labourers." Cf. Mantoux, *Révolution Industrielle*, p. 381.

<sup>3</sup> Holland, *Cheshire*, 1808, p. 296: "In the neighbourhood of Macclesfield, Stockport and the manufacturing parts of the county . . . such high wages are occasionally obtained by children . . . that few are now brought up to husbandry, and it is there as difficult to get a boy to drive the plough as a man to hold it." Brown, *Derbyshire*, 1794, p. 38; William Pitt, *Staffordshire*, 1808, p. 218.

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Cobbett on his rides through the south and south-west of England about 1825 to paint a picture of silent and deserted landscapes, of countless steeples without a village at their feet.<sup>1</sup> But the reason was that there had once been iron mines and smelting works in Surrey and Wiltshire. Once Wiltshire and Somersetshire had been like an enormous manufacturing town scattered over a wide area; but now the iron industry had been transferred to the centre and the west, and the woollen manufacture was deserting the south for Yorkshire. The growth of large-scale farming was not the direct cause of rural depopulation; it was rather that the new manufacturers, now being developed on such a vast scale, were attracting the country population to the new urban centres and facilitating thereby the enlargement of estates and farms.

<sup>1</sup> *Rural Rides*, November 11, 1825 (Petersfield), September 11, 1826 (Malmesbury), October 11, 1826 (Uphusband).

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## CHAPTER II

### INDUSTRY

#### COAL, METALS: THEIR EXTRACTION AND PREPARATION

##### *The Industrial Revolution.*

A NEW era was dawning for the industries of England, and indeed, owing to the impulse given by England, for those of the entire world. Every year new technical processes were increasing the productivity of human labour. Every year witnessed the employment of larger numbers. The equilibrium of society was overthrown to the detriment of the country districts, and to the advantage of the towns which were rapidly increasing both in number and in size. The population of London, which was only 864,000 at the opening of the century, had exceeded the million by 1811. To the north-west of the City an entire town had sprung up devoted to amusement and luxury, had crossed the Oxford road, and encroached upon the estate which had recently been laid out by the Duke of Bedford. To the south of the Thames a large and busy town was coming into being, free from the regulations enforced by the corporation in the city. In the east, Spitalfields was no longer an isolated group of houses and workshops. An enormous workman's quarter had arisen around the new docks. Apart from London there had been nine towns in the first year of the century with a population of over 50,000. Of these nine, only two—Dublin and Manchester had a population of over 100,000. Ten years later eleven towns had reached the 50,000 figure, and four of these—Edinburgh and Glasgow as well as Dublin and Manchester—counted over 100,000 inhabitants. In 1821 the United Kingdom would contain fifteen towns with a population of over 50,000 and six with a population of over 100,000,

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Liverpool and Birmingham being now added to the four above mentioned.<sup>1</sup>

In these vast urban masses and in the manufacturing districts surrounding them the established social fabric was completely shattered. The epoch of the "Industrial Revolution," to employ the term sanctioned by general usage, deserves this appellation on two grounds—in the first place because the great manufacturers to whose initiative it was due were daring innovators, "revolutionaries" in the proper sense of the term; and in the second place because the workmen were in revolt against the novel conditions of labour which it was being sought to impose on them. The new industrial society was, however, too complex to admit of summary definition. We must enter into details. The transformation of technical processes and the introduction of machinery were not effected with equal rapidity and did not follow the same course in different manufactures. Neither was there any direct ratio between the spirit of revolt among the workmen and the progress accomplished by modern machinery in any particular manufacture.

### *The Mines.*

The new type of manufacture presupposed a twofold material—coal and iron. It substituted an iron machine for the wooden loom, and had employed coal since the middle of the 18th century to smelt the iron ore at the pit mouth, to fashion it afterwards into tools or machinery, and to supply the motive power to these machines when constructed. Manufacture, therefore, like agriculture had its roots deep in the soil. Great Britain was rich in mines. There were tin and copper mines in Cornwall, which had been worked from the remotest antiquity. There were copper mines in Anglesey also, and lead mines in Derbyshire, Flintshire and Cumberland. Coal mines and iron mines were the most abundant of all. There were the coal mines of Durham and Northum-

*For footnote see next page.]*

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berland, situated to the north and south of the estuaries of the Tyne and Wear. For a long while past these coalfields had supplied the capital by sea with the fuel necessary for its fires. There were also the coalfields of the Scottish Lowlands between Edinburgh and Glasgow, and the coal mines of Cumberland around Whitehaven, the source whence the Lowther and Curwen families drew their wealth. The Lancashire coalfields extended over a vast quadrangular area to the north of Liverpool and Manchester and to the west of the Pennines, and stretching on the south into Staffordshire. Parallel to these ran the coalfields of Yorkshire. South Wales also had its coalfields. In Scotland, Staffordshire and Wales iron was found in the vicinity of the coal. In 1754 Sir John Dalrymple pointed out that "among all the known countries on the surface of the globe it was in Great Britain alone that the coal beds, the iron ore and limestone, which constituted the three raw materials of the iron manufacture, were frequently found together and moreover in close proximity to the sea."<sup>1</sup>

We have here an essential condition, if not a sufficient cause,

	1801	1811	1821
<i>Manchester</i> .. ..	109,218	137,201	155,707
<i>Glasgow</i> .. ..	84,124	112,330	150,818
<i>Edinburgh</i> .. ..	81,147	102,147	138,235
<i>Liverpool</i> .. ..	77,653	94,376	118,972
<i>Birmingham</i> .. ..	73,670	85,755	106,722
<i>Bristol</i> .. ..	63,645	76,433	97,779
<i>Halifax</i> .. ..	62,425	73,315	91,930
<i>Leeds</i> .. ..	54,162	62,534	83,758
<i>Plymouth</i> .. ..		56,000	61,112
<i>Sheffield</i> .. ..		53,231	62,275
<i>Blackburn</i> .. ..			53,330
<i>Bradford</i> .. ..			52,954
<i>Oldham</i> .. ..			52,510
<i>Norwich</i> .. ..			51,188
<i>Dublin</i> * .. ..			185,881

\* Wakefield gives 167,899 for 1804 (*Ireland*, vol. ii. p. 702).

<sup>1</sup> *Address. . . on . . . the Coal, Tar and Iron Branches of Trade*, p. 8.

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of the extraordinary development of British industry during the 18th century. The coalfields were worked with an activity so relentless that many Englishmen were already asking with alarm how many centuries—ten or five, or perhaps only two or three—it would take to exhaust the mines.<sup>1</sup> Among this crowd of new industries, all strictly interdependent, those really fundamental were concerned with mining. How, then, were these organized? What was the distribution in them of functional activities and economic rewards? How far do we find the features universally regarded as characteristic of the industrial revolution?

It is admitted on all hands that the first and chief feature distinctive of this revolution was the appearance of a new class—the captains of industry. The modern capitalist was no longer a member of a corporation, binding him by its strict regulations. He was no longer content merely to supply the demands of trade. He had won his independence, and was himself his own merchant. He systematically forced the rate of production, anticipated the demand for his goods, and was aiming at the conquest not only of the national markets but of the markets of the entire world. It is, however, only in a small number of mining centres that capitalism will present itself to us as a novelty peculiar to the 19th century. In Cornwall, for example, we witness a conflict in progress between capitalism and an older industrial system. From time immemorial the Cornish mines had been worked by syndicates of adventurers,<sup>2</sup> men of

<sup>1</sup> J. H. H. Holmes, *A Treatise on the Coal Mines of Durham and Northumberland*, 1816, pp. 35–6. The opinions of Bakewell, Millar, Thomson, see Thomas Chalmers, *An Inquiry* . . . 1805, pp. 25–6.

<sup>2</sup> For the organization of labour in the Cornish mines see the copious details given in W. Pryce's *Mineralogia Cornubiensis*, London 1778. (This work was written thirty-seven years before 1815, but the organization of the mines would seem to have undergone no practical alteration in the interval.) See also *Report on the State of the Copper Mines and Copper Trade*, 1799. (This contains a complete list of the adventurers of the Cornish mines.) Cf. for the Newcastle district, *Report on the State of the Coal Trade*, 1800, p. 640 a; R. Warner, *Northern Tour*, vol. i. pp. 303 sqq.



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no great wealth and lacking both in initiative and in the capacity for organization. They were exposed to the exactions alike of the owners of the subsoil whose tenants they were and of the traders who intervened between them and the consumer.<sup>1</sup> Little by little the revolution as accomplished, and capitalism took the place of these old-time forms of mining. In 1785 Thomas Williams, a Welshman, and John Vivian, a Cornishman, founded the large *Cornish Metal Society* for the mining of copper. Certain manufacturers now took into their own hands the mining of the ore which provided the raw material for their factories. The Birmingham manufacturers, headed by Bolton, founded the *Birmingham Mining and Copper Company* and the *Crown Copper Company* for the exploitation of the Cornish mines.<sup>2</sup> But normally things happened otherwise; and no disturbance was caused in 1815 by the introduction of the capitalist system into mining, for the sufficient reason that this system had to some extent always existed there.

Mines were subject to a system of a quasi-feudal character, according to which the subsoil was the absolute property of the Lord of the Manor. And it was not until a very recent date that some legal restriction had been placed upon the exercise of this right by requiring, prior to the opening of a mine, the consent of the freeholders and copyholders who occupied the surface.<sup>3</sup> The Lord of the Manor was there-

<sup>1</sup> For this exploitation by the middleman see, as regards the Newcastle collieries, the *Report on the State of the Coal Trade*, 1800. These middlemen were the *fitiers* who transported the coal on their barges from the pit to the collier, the *shippers* who brought it from Newcastle and Sunderland to London, and the *merchants* who brought it wholesale in the capital to retail it afterwards to the consumer. Two syndicates, the *Factors* and the *Coal Budgers*, defrauded alike the producer, the consumer and the treasury. For the Cornish mines see *An Address to the Gentlemen of the County of Cornwall* . . . 1772, also *British Mining: A Treatise* . . . by Robert Hunt, 1887.

<sup>2</sup> *Report on . . . Copper Mines and Copper Trade*, May 1799, pp. 654 sqq., 659 and *passim*. Pye, *A Description of Modern Birmingham*, pp. 44-5.

<sup>3</sup> J. H. H. Holmes, *Coal Mines of Durham and Northumberland*, 1816, pp. 69-70.

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fore inclined, naturally enough, to undertake himself the working of the mines which he owned. The heads of certain old families such as the Lowthers in Westmorland, the Curwens in Cumberland and the Percys in Northumberland were the hereditary rulers of a realm of collieries. In a word, industrial feudalism blended here with agrarian feudalism. A system of ancient standing, it did nothing to disturb the existing relations between classes. It had no revolutionary significance.

We now come to another distinctive feature of the industrial revolution—a feature which was in truth inseparable from the former. Capitalism was tending to concentrate an enormous number of workmen in a small number of large factories. It compelled them to an intense productivity under the strict supervision of the manufacturer and his subordinates. This sudden herding together of wretched and oppressed workmen generated a discontent that was perilous to public order. In this respect, however, the conditions of labour in the mines had undergone no practical change. Perhaps mining was now a harder task than it had been a century earlier. It had become necessary to attack the more difficult seams, to invest more capital in the undertaking, and therefore to require more work from the miners in order to maintain profits. Formerly in Cornwall the miner, on his descent into the mine, had begun by sleeping as long as it takes a candle to burn down. He had then worked for two or three hours, at the conclusion of which he rested for half an hour to smoke a pipe before recommencing work. Half the day had been spent in sleeping and lounging about.<sup>1</sup> Certainly such a thing was no longer possible in 1815. It is, however, scarcely credible that it had ever been possible, even in the 18th century, outside the tin mines of the southwest. It could never, we may be sure, have been possible in the coal mines of the north. We should remember, moreover, that the ever-increasing demand of the new manufacturers for iron and coal necessitated a constant increase in the number of miners. Every time, therefore, that an industrial

<sup>1</sup> W. Pryce, *Mineralogia Cornubiensis* . . . . 1778, pp. 178-9.

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crisis occurred as the result of over-production, it affected a greater number of miners and was consequently more serious. It was, however, only in this indirect manner that the industrial revolution reacted upon the mining industries.

Steam engines had, however, been introduced into mining. It would surely seem that here at any rate the industrial revolution exercised a direct effect upon mining. The first of these to be introduced was the steam pump employed to clear the mines of water. It had been used first in Cornwall, and long before the end of the 18th century its employment had become universal. Savery's "steam engine," and Newcomen's, as also Watt's first engine, had been steam pumps. When in 1767 Bolton added to his Soho workshops a factory for the construction of machines, he was thinking only of the suction pump. The use of these pumps had made it possible to reopen flooded mines which their owners had abandoned,<sup>1</sup> and also to extend further the workings of mines already in existence. The invention of the railroad marked a further progress. Originally of wood, iron rails soon came into use. Many travellers have left description of the enormous *staiths* in use on the banks of the Tyne and Wear. The rails were laid on a slope so that the heavy trucks loaded with coal might run of themselves. By a system of pulleys every full truck pulled up an empty truck, which was then loaded afresh and in its turn pulled up the last truck unloaded.<sup>2</sup> Experiments had even been made in the course of the last few years with the object of working simultaneously on the *staiths*, by means of a fixed steam engine, trains consisting of six or even twelve trucks. Surely the employment of these engines must have altered in some way or other the condition of the workmen? The question requires careful examination and discrimination between different cases.

The workman complained that machinery lessened the number of men required. One workman was now sufficient

<sup>1</sup> Galloway, *Papers relating to . . . the Coal Trade . . . and Steam Engine*, pp. 9, 25 sqq.

<sup>2</sup> See especially *Coal Mines of Durham and Northumberland*, pp. 37-8; also Dupin, *Force Commerciale*, pp. 82 sqq.

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where perhaps two, four or more even had been necessary hitherto. He also complained that it cheapened his labour, since all the skill and precision of his eye or hand was now the property of the machine. The workman had ceased to be an artisan to become the guardian of an engine, and therefore women and children could take the places of grown-up men. But nothing, or almost nothing, of the sort had taken place in the mines.

Certainly we must except from this denial all the machinery employed on the banks of the Tyne and Wear for the transport of coal from stack to ship. The total destruction in March 1815 by the *keelmen* and *casters* of Bishop's Wearmouth of a bridge, of the staiths, and indeed of the entire apparatus set up by the Nesham Company for the automatic transport of coal,<sup>1</sup> was an instance of these essentially futile but wholly natural labour riots which are always aroused by the first introduction of machinery. But within the mine itself the introduction of machinery had neither decreased nor cheapened manual labour. Indeed pumps, by making it possible to extend the working of mines, involved immediately the employment of a greater number of miners. The extraction of coal must always require duly qualified miners—sturdy, experienced and skilful. No machine under the charge of women or children could take their place. Not, of course, that there was no employment for women and children in the mines. Women led the horses which drew the trucks, children opened the gates to let them pass. The children began work at the age of seven or eight. Throughout the entire winter they never beheld the daylight. We are told that they could work for thirteen hours on end without dying of exhaustion. But the labour of these women and children did not compete with that of the grown-up men, since they were employed to work under the orders of the latter. The management of the mine left the payment of the women and children to the miners, together with full liberty to use them at pleasure for the gratification of their bestial and filthy

<sup>1</sup> *Annual Register*, 1815, March 20th, Chron., p. 26; *Newcastle Chronicle*, March 20, 1815.

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desires. In 1815 their sufferings were but beginning to make themselves heard in Parliament. The miners had never rioted against the employment of women and children in the mines.<sup>1</sup>

The miners lived like utter savages absolutely cut off not merely from the middle class, but also from the other sections of the labouring classes.<sup>2</sup> Their underground labour was unlike any other; it was hard, gloomy and exceedingly dangerous. The further the working of a bed of coal was pushed the more frequent and the more serious became the explosions of fire damp. After many unsuccessful experiments the *Society for Preventing Accidents in Coal Mines* which had been founded in 1813 under the patronage of the Duke of Northumberland, succeeded in obtaining the discovery of Davy's safety lamp.<sup>3</sup> But it required constant effort to overcome the obstinate carelessness of the miners. Savages are always careless, and the miners lived, as we said above, like absolute savages both in the dirty and ruined villages in which they spent the night and in the subterranean galleries where of necessity there was less supervision than

<sup>1</sup> *First Report of Commissioners . . . as to the Employment of Children in Factories*, 1833, p. 60. Children worse treated in collieries than in factories. See also, *The Literary Life of William Brownrigg, M.P., F.R.S.*, by Joshua Dixon, London 1800, for an estimate of the proportion of adult to child labour in a Cumberland mine: "Number of persons . . . necessary for the purpose of raising 160 baskets of coal in 9 hours at 100 fathoms deep: eight men to hew the coal, i.e. to cut it out of the solid mine, and to break it to a proper size, in order that it may be conveniently taken into the baskets; two persons to lift the coal into the baskets, each filling ten baskets in one hour; eight boys to drive eight horses from the workings to the bottom of the pit; one person, at the bottom of the pit, to hook the full basket to the rope, and take off the empty basket; one man at the top of the pit, to empty the basket; two boys to drive the gin horses, which are yoked to the vertical wheel." In the Newcastle district, the employment of women had apparently ceased with the close of the 18th century (Galloway, *Annals of Coal Mining*, vol. i. p. 305).

<sup>2</sup> R. Nelson Boy, *Coal Puts and Pitmen*, 1892, p. 14, who quotes a contemporary witness.

<sup>3</sup> J. H. H. Holmes, *Coal Mines of Durham and Northumberland*, 1818, pp. 83-91.



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in the workshops of a factory. A traveller who visited the mines at Whitehaven relates the terror he felt on meeting "at a place of rendezvous . . . a party of men and girls" with "haggard faces and ruffian-like figures." "These gloomy and loathsome caverns," he continues, "are made the scenes of the most bestial debauchery. If a man and woman meet in them, and are excited by passion at the moment, they indulge it."<sup>1</sup> The sole influence to counteract such degradation was to be found in sudden outbursts of religious enthusiasm. It was in the collieries around Bristol and Newcastle that the preaching of Whitefield and Wesley obtained its first triumphs. For sixty years before our date Methodism had been the one really civilizing influence at work among the miners whether in Durham or in Cornwall.

When, however, we seek for exact information as to the miners' wages, food and lodging, we have to do without the help of any inquiry either official or unofficial made at this time. We can only bring together as well as possible the very scanty evidence and thus gather something of their miserable lot.

We catch a glimpse of the miners employed in the Yorkshire and Derbyshire lead mines, paid at the rate of about 10s. a week, obliged to walk a great distance over the mountains twice a day between their village and the mine, sleeping five or six together—father, mother and children on a single mattress—and often subsisting for weeks at a time on raw and unsalted oatmeal. "They were, notwithstanding, one of the most quiet, peaceable, well-intentioned descriptions of men in the Kingdom."<sup>2</sup> In Scotland the miners were only just emancipated from a state of legal serfdom. For three-quarters of the 18th century they had been tied for life to the soil. As the demand for coal increased there arose an urgent need for a larger number of colliers, and an Act was therefore

<sup>1</sup> R. Ayton, *Voyage around Great Britain*, vol. ii, 1815, pp. 156, 159.

<sup>2</sup> Fred. Hall, *An Appeal to the Poor Miner*, 1818, p. 7. Their wages had remained the same since 1795, in spite of the general rise in prices (see for 1795 the figures given in Eden's *State of the Poor*, vol. ii. p. 130).

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passed in 1775 abolishing this serfdom in the case of anyone who should in future take employment in these mines. But it was not till the last year of the century that the measure was made universal, and all the colliers of Scotland without exception were emancipated by an express statute.<sup>1</sup> Moreover, in all the collieries of the north there prevailed a system of contract intermediate between this antiquated serfdom and wage labour in the strict sense. Labour was hired for the year, the miners engaging to work throughout that period without strikes, combinations or absences. The men so bound by a yearly bond do not seem to have been badly paid. At the close of the 18th century they earned on an average 16s. a week—that is to say appreciably more than an agricultural labourer earned at that date. In the years immediately following their wages rose in almost equal proportion to the rise in the price of foodstuffs. In 1804, the rise was as much as 30 to 40 per cent.<sup>2</sup> But the money earned was rapidly and ill spent. The miner was paid by the

<sup>1</sup> 15 Geo. III, cap. 28; 39 Geo. III, cap. 56. It is true that the Act of 1775 gave all the miners, without exception, the power to emancipate themselves gradually. The provisions of the Act, however, on this point were undoubtedly too complicated to be efficacious. Cf. Cockburn, *Memorials*, pp. 78-9.

<sup>2</sup> When the yearly bond was signed the miner received a premium, which seems to have been about 6d. in 1763 (Galloway, *Annals of Coal Mining*, vol. i. pp. 269, 270). In 1804 in the same district it had risen to the extravagant figure of twelve or fourteen guineas on the Tyne, of eighteen guineas on the Wear. In 1809-10 it was only after a year's struggle that the coalowners succeeded in reducing the premium to five guineas on the Tyne, to 10s. 6d. on the Wear (*ibid.*, 440-1). The account of the strike in Fynes' *Miners of Durham and Northumberland*, pp. 12 sqq., partially conceals this defeat of the miners. Cf. Bailey, *Durham*, 1810, p. 22. The earnings of pitmen are on an average about 21s. a week; sometimes the hewers make from 30s. to 40s. The wages of agricultural labour in the same district for the same period (*id. ibid.*, p. 262) were 2s. to 2s. 6d. a day in winter, 2s. 6d. to 3s. in summer. Eden, *State of the Poor*, 1796, vol. ii. pp. 169-70, gives some information as to the standard of life of the Durham miners: "Many miners keep a cow, which makes land let so high. They use much oatmeal made into crowdie, and milk and barley bread. The women spin jersey, and can earn 3d. to 4d. a day; many of them manufacture

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piece. Hence it chiefly depended on the character of the ground on which he happened to be working whether his labour would be well or ill paid at the end of the week. The result of this was that he developed the gambler's temperament. When he was well paid he spent every penny of his wages; when he had earned less, he counted on a return of luck and ran into debt.<sup>1</sup>

He had neither the capacity nor the desire to save, or indeed for any premeditated or concerted actions. The English or Scottish miners had up to the present scarcely ever formed unions. Unlike the workmen in many other industries, they had no ancient corporate privileges to defend. Many years had yet to elapse before they would come to realize their numbers and the power which those numbers gave them. Occasionally riots broke out, in years of industrial crisis, in which houses and machinery were destroyed. These were, however, purely impulsive and irresponsible outbreaks, and hence without any permanent result. The depression which followed the restoration of peace, and which affected the whole of British industry, spread in the winter of 1815-16 to the mines. Wages fell, men were thrown out of employment, and strikes occurred in Staffordshire, Cardiganshire and Durham.<sup>2</sup> These strikes were, however,

their own woollen and linen apparel. The lead miners are generally less profligate than those who work in the coal mines, are better clothed and mostly better informed." See also, for the prosperous condition of the Durham miners, the testimony of Cobbett for a period somewhat later than ours (*Rural Rides*, October 4, 1832). Gisborne, *A General View of the Situation of the Mining Poor, compared with that of some other Classes of the Poor*, 1798 (see the *Reports of the Society for Bettering the Condition of the Poor*, vol. i. pp. 36-9), who drew his information from Durham and Cornwall, affirmed that "the earnings . . . of the miner are on an average great; and in many instances far exceed all prospects of gain, which a labourer in husbandry can propose to himself."

<sup>1</sup> Rev. Thomas Gisborne, *A General View*, etc., 1798, in the *Reports of the Society for Bettering the Condition of the Poor*, vol. i. pp. 368-9.

<sup>2</sup> *Annual Register*, 1816, Chron., p. 13, January 22nd; p. 73, May 28th.

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no sign that the revolutionary spirit had been awakened among the miners. In Staffordshire the employers hit upon an ingenious device for getting rid of the malcontents at slight cost to themselves. They gave them a few tons of coal and trucks in which to cart it, and sent them in bands throughout England pushing their coal along and appealing to the people to take pity on their destitution. The miners carried notices bearing the inscription *Willing to work but none of us will beg*, and whenever they passed through a new town or district they applied to the magistrates before leaving for a certificate of good conduct.<sup>1</sup>

### *Metals.*

When ore had been extracted from the earth it required to be wrought into a fit state for industrial use. If lead, copper or tin mines were situated at a distance from a coal-field, either the necessary coal was brought thither and the foundry was set up near the mine—this was done, for instance, in the case of the Cornish tin mines—or the ore was sent either to a colliery district or to the neighbourhood of the factories where the smelted and refined metal was used as the raw material of the manufacture—as happened in the case of the Cornish copper, which on leaving the mine was sent by sea to Welsh or Warwickshire foundries. In some areas the metalliferous strata were mixed up with the coal beds, e.g. in Glamorganshire, Monmouth, Staffordshire, and Shropshire. In such areas the extraction and preparation of the ore were parts of one and the same industry. Immediately on leaving the pit the ore was thrown into the blast furnace, melted down with coke fuel mixed with quicklime. Every twelve hours the fire doors at the foot of the furnace were opened and the molten iron flowed out. Ingots were formed which, when laid around the furnace, resembled so many little pigs being suckled by their mother. This was the pig iron, in which iron was still mixed with dross of various

<sup>1</sup> *Annual Register*, 1816, Chron., pp. 95-6, 99-100.

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sorts. To render it malleable, the English manufacturers and workmen, who lacked the least rudiments of scientific knowledge, had arrived empirically at the discovery of a host of new processes. They had begun very early to employ first water and then steam power to move the hammer which beat the iron into bars, and the bellows which kept up a blast of air in the furnace. In 1783 and 1784 Cort had taken out two patents—one for the process of puddling, the other for that of flattening. Or again, in the transformation of iron into steel, more than half a century had already passed since Sheffield steel had been rendered famous by Huntsman's experiments. And fifteen years before Musket had invented a process by which steel could be made directly from pig iron or even from untreated ore.

As the result of all these inventions British metallurgy had made rapid strides. In Wales, which was the most important centre of the industry, in Staffordshire, in the Newcastle district, and in Stirlingshire, not only had the number of blast furnaces been greatly multiplied but the yield of each furnace had also increased. The average yield in 1740 had been 294 tons a furnace, in 1788 it was 545 tons, in 1796 1,048 tons and in 1807 1,546 tons.<sup>1</sup> At this last date the total annual production was estimated at 250,000 tons, the capital engaged at £5,000,000, the number of workmen employed at 200,000. It would seem at first sight that no manufacture had been more affected by the industrial revolution than this. In reality, however, the improvement of technical processes had altered the economic condition of these foundries as little as it had altered that of the mines.

Even the size of the foundries underwent no appreciable change. In iron works of the old type, before the substitution of coal for charcoal in the treatment of the ore, the average number of workmen employed had been 2,500 for every three furnaces.<sup>2</sup> Manufacture on a large scale had evidently

<sup>1</sup> Scrivenor, *History of the Iron Trade*, 1841, pp. 35, 86-7, 95-6.

<sup>2</sup> Scrivenor, *History of the Iron Trade*, 1841, pp. 64-5. He is dealing with Sir Charles Coote's works in Ireland. He divides the workmen into the following classes: "Woodcutters, Sawyers,



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preceded in this field the introduction of the new processes. Moreover, the improvement of machinery had scarcely affected the character of the work to be done, and had by no means rendered useless the strength and skill of the workmen. Women and children were employed very little.<sup>1</sup>

	Men	Women	Boys
Colliers .. .. .	280	0	27
Miners .. .. .	395	40	73
Furnaces .. . . .	257	39	3
Forge and Mill .. .. .	145	5	55
Agents, Overlookers, etc. .. .	31	0	0
	<hr/> 1,108	<hr/> 84	<hr/> 158

The keeper of the blast furnace was paid by the piece as were also his assistants—the fillers, cokers, limestone-breakers, and mine-burners; but the object of this system of payment by the piece was to increase neither the amount nor the intensity of a purely mechanical task. It was left to the workman to raise his earnings by displaying such conscientiousness, intelligence and skill as would result in an increase in the amount of cast iron produced at the end of the day. We may add that a system prevailed of subletting piece work. It was only the principal workmen with whom the ironmaster treated directly. These were bound by contract to provide the necessary hands for the accomplishment under their direction of a particular piece of work. The keepers and puddlers formed a species of aristocracy among the workmen which took care to sell its productive capacities to the capitalist as dear as possible. Their wages, accordingly, represented

Carpenters, Smiths, Masons and Bellow-makers, Water-leaders or Water-course Keepers; Basket-makers; Boatmen and Boatwrights; Diggers, Carriers; Colliers; Corders; Fillers; Keepers of the Furnace; Finers; Hammerers; besides several other labourers who, having no particular task, must help to put their hands to everything."

<sup>1</sup> See the work in the *Library of Useful Knowledge*, entitled *Manufacture of Iron*, 1831, p. 30, for the statistics of a foundry consisting of five blast furnaces, and furnishing a weekly yield of 200 tons of iron in bars.

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so large a portion of the cost of production that the iron-master's chief anxiety was the constant struggle with his workmen regarding rates of pay.<sup>1</sup>

Moreover, iron had been rising in price during the last twenty-five years, and the constant demands of the Army and Navy for iron had put the manufacture beyond the reach of the crises which afflicted the other branches of English manufacture. Wages had risen,<sup>2</sup> and the workmen had enjoyed a period of continuous prosperity. An eyewitness describes the pleasing aspect of their villages in Staffordshire; the rows of cottages whose doors were all open, thus allowing the passer-by to remark the cleanliness of their interiors; the strong and healthy inhabitants; the groups of well-kept children romping and playing in the streets.<sup>3</sup>

It was only after the restoration of peace that the foundries experienced a period of acute depression, and passed through a crisis of extreme gravity. In Staffordshire the stoppage of work reduced thousands of workmen to destitution. No riot, however, broke out, and there was but little plundering.<sup>4</sup> In Wales the factory owners lowered the men's wages, whereupon they declared a strike. They formed themselves into a procession and traversed the country, leading away any workmen they met and extinguishing the furnaces. But after a fray, in which several of the strikers were wounded and one killed, the agitation lost its riotous character, although

<sup>1</sup> *Manufacture of Iron*, 1831 (in *Library of Useful Knowledge*), p. 9.

<sup>2</sup> Eden, *State of the Poor*, vol. ii. p. 109, gives the wages of the workmen in the Chesterfield foundries (Derbyshire) in May 1795. They were about 15s. a week. Towards the end of 1816, at the time of Merthyr Tydvil strike, a local official in Wales denied in a public statement that there had been an undue lowering of wages. "None had less, he states, than 10s. a week; and the miners and colliers, who form the great body of workmen, had at least 15s. per week. The wages of the firemen, who also form a considerable body, average from 21s. to 25s. per week (*Annual Register*, 1816, Chron., p. 167).

<sup>3</sup> *Annual Register*, 1816, Chron., pp. 110-12.

<sup>4</sup> Except for a day of fairly serious disturbances at Wolverhampton (*Annual Register*, 1815, Chron., pp. 89-90, November 15th).

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the number of those taking part in it continued constantly to increase: in the end the strikers constituted a regular army of ten or twelve thousand men. When an employer offered them bread, cheese and beer, they refused the beer saying, "that if they should get intoxicated they might be guilty of what they might afterwards be sorry for."<sup>1</sup> This first crisis of 1816 took, so to speak, by surprise, the proletariat of the affected districts. Neither in Wales nor in the Midlands were the ironworkers ready for revolt.

### *The Manufacture of Machinery and Tools.*

Wales did not merely make iron bars; it also manufactured iron goods. Glamorganshire had become, in the last quarter of the 18th century, a centre of iron manufacture. The larger portion, nevertheless, of the iron bars produced around Merthyr Tydvil and Pontypool was sent on board ship from Cardiff and Newport, up the Severn to Stourport on the borders of Shropshire and Staffordshire, where the iron of Wales, of Lancashire and of Cumberland was brought together to be used in the factories of the Midlands. In this district, which itself was rich in iron and coal, the manufacturers, united more closely than was common with English manufacturers,<sup>2</sup> had set up a number of factories which already competed seriously with those of Wales. There were factories in which the metal—iron, tin, lead, or zinc—went through a series of different stages from its arrival from the mine till the moment when it was put upon the market in the shape of shoe buckles, nails, hardware, ploughshares, and the pistons and cylinders of steam engines. The labour required in these factories was necessarily skilled labour. No women or children were employed. The workmen exacted

<sup>1</sup> *Annual Register*, 1816, Chron., pp. 165 sqq., October 22nd.

<sup>2</sup> John Hall, *The Iron Trade*, 1843, p. 7. Although the date of the work is far later than 1815, we can, nevertheless, make use of it. John Hall depicts the organization of the ironmaster of this district as of very long standing.

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good wages. It would seem, moreover, that these factories involved two distinct types of manufacture to which there corresponded two methods of labour organization.

On the one hand complicated and costly machinery was required to divide the iron bars into small pieces, and this involved the sinking of capital on a large scale. In 1785 a Shropshire society consumed 500 tons of coal daily, and their buildings represented a capital of £100,000,<sup>1</sup> and during the thirty years following such operations were carried out on an increasing scale. On the other hand, the final stages of the manufacture of small articles required specialization of manual dexterity rather than intricate machinery: to prove the advantages of a division of labour Adam Smith took the instance of the pin manufacture.<sup>2</sup> Sheffield manufactured not only steel but knives as well; Birmingham not only machinery but a host of small articles, toys and hardware. The result was that Sheffield and Birmingham were towns not of large factories but of small workshops, where small manufacturers turned out small articles. The undertakers obtained the necessary raw material from the master manufacturers and brought back to them the finished article. Nor were the master manufacturers themselves large capitalists.<sup>3</sup> The largest factories in Birmingham represented

<sup>1</sup> William Gibbons, *A Reply to Sir Lucius O'Brien*, p. 22.

<sup>2</sup> *Wealth of Nation*, Book I, chap. i. (ed. Thorold Rogers, vol. i. p. 6).

<sup>3</sup> *First Report of Commissioners . . . as to Employment of Children in Factories*, 1833, Mr. Horner's report, p. ii. The existence of these small workshops caused a marked difference between the conditions of labour in Birmingham and those which obtained in domestic industry in the strict sense. See *Memoirs of Richard Lovell Edgeworth*, vol. ii. p. 278: "He became acquainted with some of the working mechanics in Paris (in 1802), and had an opportunity of observing how differently work of this kind is carried on there and in Birmingham. Instead of the assemblage of artificers in manufactories, such as we see in Birmingham, each artisan in Paris, working out his own purposes in his own domicile, must in his time 'play many parts,' . . . so that in fact, even supposing French artisans to be of equal ability and industry with English competitors, they are left at least a century behind, by thus being precluded from all the miraculous advantages of the division

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a capital of £6,000 to £7,000, the majority a capital of less than £1,000.<sup>1</sup>

With the manufacture of cutlery, toys and hardware we may, it would seem, compare in many respects the manufacture of pottery which, largely as the result of the initiative of the important Wedgwood family, employed thousands of workmen in Staffordshire. The vases and plates of every

of labour." But he is thinking throughout only of manufactures based on the division of labour, not of factories where machinery was employed.

<sup>1</sup> *Report . . . on the Copper Trade*, 1799, pp. 662b-663a. In manufactures of this kind wages do not seem to have risen during the great war, as far as we can judge from the scanty and insufficient evidence. Real wages must, therefore, have greatly fallen while remaining sensibly higher by about a third than the wages of the agricultural labourer. See Eden, *State of the Poor*, vol. ii. p. 655 (Wolverhampton): "The wages in the different manufactures vary from 9s. to £2 a week; men, in full employment, earn, on an average, from 15s. to £1 5s. a week. The manufactures are the heaviest sorts of hardware: such as axes, shovels, etc.; buckles, watchchains, toys, spectacle-cases, etc." *Report . . . on . . . State of Children*, 1816, *Minutes of Evidence*, p. 301. Mr. J. Dutton, a Liverpool ironmonger, supplies the following information as to the conditions of labour: No child labour, piecework; an 8-, 10-, sometimes a 12-hours' day (but the workmen often wasted working days drinking); very good wages, 25s. to 30s. a week, 4s. 6d. to 5s. a day; the work was, in his opinion, not so hard, though demanding more strength, as in the cotton industry, and there was also less heat and dust. H. of C., April 17, 1812 (Brougham's speech): "The hardware manufactures were carried on by about 70,000 persons; not persons brought from the field but men of skill, who had undergone a regular apprenticeship. . . . At present the master manufacturers kept them working a little at the reduced wages of 12s. a week, instead of from 25s. to 35s." (*Parl. Deb.*, vol. xxii. p. 437). At Sheffield, in the latter part of the 18th century, the great merchants concentrated in their hands the articles produced by the small workshops, and undertook the task of finding markets for them. The independence, however, of the small manufacturers was not yet touched. (Hunter, *Hallamshire*, p. 121.) At Birmingham machinery had made its appearance. The owners of the machinery did not, however, become themselves the employers of labour. They supplied the small workshops with motive power, letting the use of it to the undertakers.



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description which issued from the workshops of Burslem and Etruria were famous throughout the entire world for the perfection of their make and the good taste of their decoration. But here also, when once the raw material had been broken up, the technical manufacture was based on the principle of the division of labour.<sup>1</sup>

If the growth of the revolutionary spirit among the workmen had been due solely to the progress of machinery, we should have expected to find it very little developed among the small handicraftsmen who made practically no use of machinery, not even of a loom. Josiah Wedgwood, indeed, in 1816, depicted the population of the Staffordshire Potteries as extremely peaceable, and was, he said, the recruiting ground for the best disciplined troops.<sup>2</sup> Sheffield was a manufacturing town whose industries were controlled by a company of Hallamshire cutlers, a body enjoying corporate privileges which had been granted originally in the 17th century and renewed in 1791.<sup>3</sup> Their secrets had been jealously guarded and the number of their apprenticeships was limited. The spirit of the place was extremely conservative. On the other hand, the hardware country, despite the similarity of the conditions of labour, afforded a totally different spectacle. Although the population of Birmingham, like that of Sheffield, consisted of artisans and not of the proletariat attached to large factories, that city was destined

<sup>1</sup> *Report . . . on . . . State of Children*, 1816, *Minutes of Evidence*, pp. 60 sqq. (Josiah Wedgwood's evidence, p. 61): " . . . I think I should also add that our people do not work so regularly as I suppose they do in manufactories, where a considerable expense is incurred in providing power by machinery; our people, I think, on an average lose one day a week, and of course the children have the same relaxation as the men." And *Reports from Commissioners*, 1833. *First Report . . . as to the Employment of Children in Factories*, 1833, Mr. Spencer's report, pp. 78 sqq. We find here some additional information as to the conditions of labour in the "Potteries" at a somewhat later period.

<sup>2</sup> *Report . . . on . . . State of Children*, 1816, *Minutes of Evidence*, p. 63.

<sup>3</sup> Webb, *History of Trade Unionism*, pp. 14, 33.

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in a few years' time to be one of the headquarters of revolution in England. How are we to account for this difference?

Was it entirely due to the fact that the local industry was passing through a period of depression, because metal buttons and buckles were no longer the fashion, and war had diminished the export of articles of local manufacture? These were doubtless partial causes, but the chief cause was that the established traditions of Birmingham were Liberal, indeed almost Republican, and hence promoted active discontent among the citizens. In a town as new as Birmingham industry had never been subjected to old corporative rules possessing the force of law. It had become in consequence, during the 17th century, an asylum for the dissenters who were the object of persecution in the corporate towns. After a temporary outbreak of anti-Jacobin feeling, the workmen returned to their former democratic spirit, and revolted in the beginning of the 19th century for the same reasons which would have roused them to revolt at the time of the Cromwellian republic or the Revolution of 1688. London was even less than Birmingham a city of large factories. The workmen of Westminster could not be said to have any wide experience of the direct competition of machinery. Nevertheless, there was perpetual discontent among these workmen, who were for the most part cobblers, tailors or bricklayers. Strike followed strike. The reason was that, like Birmingham, London was a city of revolutionary traditions. The time-honoured custom of political agitation explains why the London workman adopted the attitude of a rebel even in the field of his strictly economic interests.

We have now determined the main characteristics of the industries with which we have been dealing above. What, then, are the conclusions which have resulted from this analysis? In the first place we have found that, in this field at any rate, the introduction of machinery had not, as is commonly supposed, fostered directly a spirit of revolution. Neither in the mines nor even in the foundries had technical improvements sensibly affected either the size of the undertaking or the organization of labour. We have found, in

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the second place, that in many industries the introduction of machinery had not even begun, and that the system of division of labour and of the small workshop survived in its integrity. It is, of course, true that all these industries had suffered indirectly from the economic crises through which the industrial and financial world had been passing almost continuously during the last twenty years. But the really important point is the attitude adopted by the workmen towards the causes of their sufferings. The revolutionary spirit which animated the Birmingham artisan was due rather to ethical and political than to strictly economic causes. On the contrary, despite the disturbances which broke out in the mines and foundries in 1815 and 1816, no Englishman, at the date of the restoration of peace, would have been inclined to regard the mining and ironworking districts as hotbeds of industrial discontent. By the year 1815 the entire series of phenomena characteristic of the industrial revolution had as yet appeared only in certain manufactures of a particular type—manufactures few in number but important owing to the quantity of labour employed. These phenomena consisted in the entire transformation of the mechanism of manufacture, a sudden alteration of the relations previously existing between masters and men, and popular risings caused directly by the break-up of the old economic order.

### TEXTILE AND SIMILAR INDUSTRIES

#### *Machinery in the Textile Industries. Cotton Manufacture.*

The leading feature of the industrial revolution was undoubtedly the establishment of large factories in which all the motive power was supplied by a single mechanism installed in the centre of the factory, and looked after by a large number of hands working under the supervision of one man. It was in the silk manufacture that the first signs of this revolution had appeared. Three-quarters of a century

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had already passed since the day when a traveller, on a tour through England, had seen near Derby, on an island in the Derwent, an enormous building, 500 feet in length, six stories high, and lit by 460 windows, in which the brothers Lombe were throwing silk. The machine, whose parts were set in action by one large wheel, turned by the power of the stream, contained, he tells us, "26,586 Wheels, and 97,746 Movements, which work 73,726 Yards of Silk-Thread every time the Water-Wheel goes round, which is three times in one minute."<sup>1</sup> Nevertheless, the manufacture of silk had not prospered in England. Not only was it obliged to obtain its raw material from abroad (this was also the case with the cotton manufacture, which enjoyed great prosperity), but it had, moreover, to obtain it from France and Italy, where the inhabitants spun and wove raw silk themselves. It was in vain that the English manufacturers had attempted to secure their profits by lowering wages. The Spitalfields weavers had risen in revolt, and had secured in 1773 the passage of statutes which gave the old corporate customs the force of law, and thereby affirmed the principle of a fixed wage determined by the public authorities.<sup>2</sup> In the north, where the new towns were strangers to the guild system, and where waterfalls supplied the mills with motive power, silk manufacture had been ousted by the manufacture of cotton.

This latter industry was, indeed, better adapted to the new conditions of manufacture, which consisted in the production and sale, in very large quantities of cheap goods of everyday use. It had therefore grown with truly fabulous rapidity. The weight of raw cotton employed in the manufacture had exceeded 30,000,000 pounds in 1790, and 50,000,000 in 1801. In 1805 it exceeded 90,000,000 pounds,<sup>3</sup> and in 1810 the

<sup>1</sup> Defoe, *A Tour through . . . Great Britain . . .*, ed. 1742, vol. iii. p. 67.

<sup>2</sup> 13 Geo. III, cap. 68. Completed by 32 Geo. III, cap. 44 and 51; Geo. III, cap. 7. For the "Spitalfields Acts," see L. Brentano, *History . . . of Guilds*, p. 127.

<sup>3</sup> These figures were obtained by Porter, *Progress of the Nation*, p. 347, by deducting from the amount of raw cotton imported the amount that was again exported.

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figure of 123,701,826 pounds had been reached. The total value of woven fabrics exported had risen from £5,407,000 in 1800 to £18,426,000 in 1809, and in 1815 had reached the sum of £21,480,792.<sup>1</sup> In former times the woollen manufacture had been the principal source of England's industrial wealth, but the manufacture of cotton goods now held the first place. In 1814, Colquhoun estimated the wealth produced annually by the cotton manufacturers at £23,000,000, the wealth produced by the woollen manufacturers at £18,000,000.<sup>2</sup> Lancashire, the seat of cotton manufacture, became the classic ground of the new industrial capitalism.

The raw cotton was unloaded at Liverpool and sold by local brokers to Manchester manufacturers.<sup>3</sup> Business was transacted very quickly, and scrupulous honesty prevailed in the market. The cotton was bought after the inspection of a sample, frauds were of very rare occurrence, and disputes between vendor and purchaser were settled immediately by impartial arbitrators. The raw cotton was brought to Manchester by water, and then underwent in the mills the series of operations which made it into thread suitable for weaving. The fibres were opened and cleaned by the scratching machine, spread out and rolled by the spreading machine, drawn and combed by the carding machine and the roving frame, and finally dealt with by Crompton's mule—a machine whose invention, forty years earlier, had marked the turning-point in the history of the manufacture.<sup>4</sup>

After the abortive experiments of Wyatt and Paul, there had followed a series of decisive inventions, all comprised within the short period of a single decade, namely the years between 1766 and 1775. The common feature of the processes invented by Hargreaves, Arkwright and Crompton was the

<sup>1</sup> Baines, *History of Cotton Manufacture*, p. 350. As he takes the "official value" which was fixed for a given weight, his statistics furnish us with reliable information as to the variations in the quantity exported.

<sup>2</sup> Colquhoun, *Wealth . . . of British Empire*, p. 91.

<sup>3</sup> Baines, *History of Cotton Manufacture*, pp. 318-19.

<sup>4</sup> For the entire series of operations see Baines, *History of Cotton Manufacture*, pp. 241 sqq.



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production, by means of a rotatory movement, of the series of movements required to draw and twist the cotton. This rotatory movement could be obtained by the use of a machine, a "mill," for which the motive power was furnished either by horses,<sup>1</sup> or dogs turning<sup>2</sup> a wheel, or by the current of a stream. "In the year, I think, 1796," wrote a traveller, "being particularly captivated with the romantic scenery of Matlock, we stayed a week or ten days there. In the course of a forenoon's ride, I discovered, in a romantic valley, a palace of a most enormous size, having, at least, a score of windows of a row, and five or six stories in height. This was Sir Richard Arkwright's (then Mr. Arkwright) cotton mills"<sup>3</sup>. Arkwright had fled from the hostility displayed by the Lancashire workmen towards the new processes, and had established himself in that very county of Derbyshire in which formerly another traveller had contemplated with amazement the silk factory of the Lombe brothers. We may add that Arkwright's example was followed shortly afterwards by Hargreaves. Derbyshire was a country of steep inclines and abundant water power. Nottingham, the centre of the hosiery manufacture, was conveniently near, and needed cotton thread. However, Lancashire itself and the western slopes of the Scottish Lowlands presented to an even greater extent the advantages afforded by the banks of the Derwent for the establishment of spinning mills. Not only were rivers plentiful, but these districts were also close to the ports where the raw cotton arrived from America. The mill owners gradually triumphed over the opposition of the workmen. On the model of the Derbyshire spinning mills, and often with Arkwright's financial assistance, spinning mills sprang up on the banks of the Clyde around Glasgow, and around Manchester on the banks of the Irwell, "the hardest worked river in the universe."<sup>4</sup>

<sup>1</sup> Kennedy, *Rise and Progress*, p. 121.

<sup>2</sup> Baines, *Lancashire*, vol. ii. p. 554; Mantoux, *Révolution Industrielle*, p. 238.

<sup>3</sup> *Correspondence of Sir John Sinclair*, vol. i. p. 361, Geo. Dempster's letter, January 21, 1800.

<sup>4</sup> W. Cooke Taylor, *Handbook* . . . , 1843, p. 156.

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The time soon came when manufacturers were no longer satisfied with water power. The amount of water in a river varied in different years, and at different seasons of the year. Moreover, the number of mills had so multiplied that in order to increase and to equalize the pressure of water, every mill captured the stream in a reservoir, letting the water out again after it had done its work. This made it impossible in any establishment to work for more than a certain number of hours a day—namely, the hours during which the water was flowing in from the reservoir upstream. Every day the need of a more constant power was being felt with greater intensity. In 1781 Watt invented at Birmingham a method of employing steam to produce a circular motion. Four years later the first spinning mill driven by steam was set up in the county of Nottingham; and from 1790 onwards the invention spread rapidly throughout the two cotton-weaving districts, Lanarkshire and Lancashire. The geological conditions were favourable. In both counties coal was so cheap that it had been for a long time past in daily use among the poor, both for cooking their food and warming their cottages. If we consider what was the exact area in Lancashire which was being occupied by cotton manufactures, we shall find that it coincided almost exactly with the colliery district.<sup>1</sup> By 1815 the transformation of the plant employed in cotton manufacture was practically complete. Machinery, driven either by water or by steam, had replaced the hand loom.<sup>2</sup>

<sup>1</sup> Preston formed the almost solitary exception. See Baines, *Lancashire*, vol. iv. p. 366: "A combination of causes has doubtless conspired to produce this effect, but the principal are probably to be found in the central situation of the town, in the united advantages of river and canal navigation, and in the skill, capital and enterprise of the principal manufacturers." Baines, however, adds that the harbour was by no means good (*ibid.*, p. 361). The town chiefly owed its prosperity (the number of inhabitants was doubled between 1801 and 1821) to Horrocks and others like him.

<sup>2</sup> *Report . . . on . . . State of Children*, 1816, *Minutes of Evidence*, p. 207. The evidence given by Kinder Wood, an Oldham surgeon: "Are there any spinners who work in their own houses?—They do in some cases use a small machine, which they call a Twining Jenny, in their own houses; but I am not acquainted with the peculiar mechanism of this business."

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The number and size of the factories were increasing at the same time. Before the introduction of machinery there had only been forty-one spinning mills in the whole of Lancashire,<sup>1</sup> in 1816 there were over sixty in the Manchester district alone.<sup>2</sup> Two of these employed over a 1,000 men, the sixty together about 24,000.<sup>3</sup> According to an estimate made a little later every workman implied a previous expenditure on machinery of some £100.<sup>4</sup> Therefore a total capital of over £20,000,000 must have been sunk in the mills of this district. According to another contemporary estimate, made in 1817, 110,000,000 pounds of raw cotton were converted annually into 99,687,500 pounds of cotton thread. It was calculated that this output required 300 working days in the year, 6,645,833 spindles, 110,763 workmen and 20,768 horse power.<sup>5</sup>

Robert Owen's *Memoirs* present us with a vivid picture of this epoch of feverish activity.<sup>6</sup> His account of Manchester between 1790 and 1800 reminds us of a newly founded colony, into which a stream of immigrants is constantly pouring. Here the immigrants consisted of the most enterprising and most adventurous elements of the population of England. The founders of factories were almost all men of humble origin—yeomen or farmers of the neighbourhood, small shopkeepers or artisans, sometimes ordinary workmen.<sup>7</sup> For wealth, while it civilizes, softens and enervates. A man who was not of the common people would not have had sufficient energy—brutality, if you prefer it—to triumph over

<sup>1</sup> Baines, *History of Lancashire*, vol. ii. p. 462.

<sup>2</sup> *Report . . . on . . . State of Children*, 1816. In Manchester, Salford, Hulme and Charlton there were sixty-four, according to Mr. G. A. Lee (p. 357 [fifty-two in 1802]); seventy according to another witness, Mr. Nathaniel Gould.

<sup>3</sup> *Ibid.*, pp. 372-3.

<sup>4</sup> Holland Hoole, *Letter to Lord Althorp, in Defence of Cotton Factories*, p. 5, quoted in Baines, *Lancashire*, vol. ii. p. 154.

<sup>5</sup> J. Kennedy, *Rise and Progress*, p. 154.

<sup>6</sup> *Life of Robert Owen*, pp. 21 sqq.

<sup>7</sup> P. Gaskell, *Artisans and Machinery*, p. 33: "Few of the men who entered the trade rich were successful."

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the violent resistance opposed by the mass of the local population, to the execution of his designs. When the factory had been built it was always in danger of being burnt or looted on the first industrial crisis by the workmen of the neighbourhood. On such occasions the manufacturer must turn it into a citadel and spend days and nights under arms. Sometimes he was obliged to yield, and built another factory in a district not yet industrialized, where he had not to fear the hostility of artisans, the artisans of an old-established manufacture. Power, however, and wealth were the reward of final success. Two hundred, 500, even 1,000 workmen would be employed by the successful manufacturer. By the side of his factory would so on rise a mansion, whose magnificent façade and ostentatious furniture hurled defiance at the old families, who were being swamped by the rising flood of this new civilization.

The magistrates and squires, who were the natural rulers of the districts, and their dependents and allies the farmers, complained that the multiplication of factories filled the country with paupers, and thus increased the poor rate at their expense. Whenever a riot broke out, in which the factories and houses of these parvenus were threatened, the secret sympathies of the landowners were often with the rioters, and the magistrate, though refusing to afford direct encouragement to the rioters, would at least shut his eyes, parade his powerlessness to act, and let things take their course.<sup>1</sup> Nevertheless, throughout all this period of crises and riots the manufacture of cotton was constantly spreading. The landed gentry had no choice but to vanish from the district or come to terms with their conquerors.

<sup>1</sup> The reason put forward by the Government for the exclusive selection of the magistrates from the landowners was that, if taken from the trade, they could not act as impartial judges in disputes between employers and men. H. of C., May 12, 1813, Romilly's question and Bathurst's reply (*Parl. Deb.*, vol. xxvi. pp. 100-1).

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### *Life in the Spinning Mills. Masters and Men.*

The factories contained vast masses of workmen working under the orders of the great manufacturers. It would be inaccurate to term them indiscriminately a proletariat, in the Marxian and revolutionary sense of the word. On the contrary, one effect of the introduction into the mills of machinery driven either by water or steam power had been to divide the workers into two distinct classes. There were a certain number of highly paid workmen who needed to understand the machinery employed in the manufacture of cotton thread—a machinery which was becoming every day more complicated. The weekly wage of a spinner ranged from £1 10s. to £1 17s.<sup>1</sup> Thus the foundations were already laid in the Lancashire mills of the future trade unions of this district, which were to be the admiration, fifty or sixty years later, of all the conservative economists of England and the Continent. There were also a mass of workers to whom the progress of mechanism had left no other work than that of watching a machine—a “mechanical” task indeed.<sup>2</sup> To place the cotton in the machine, to take off the thread when ready, to bind it together when it broke: occupations such as these required but little strength or intelligence. Women and children could be employed in such work. They were naturally more timid and easier to rule; their slender and more pliant fingers were better adapted to the tasks required of them; their shorter stature made it possible to place them in corners, and underneath machines where a man neither could nor would consent to be placed. Moreover, their wages were lower. For these reasons female and child labour was gradually substituted to an enormous extent for the labour of adult males. Of 10,000 hands employed in 1816

<sup>1</sup> Baines, *History of Lancashire*, vol. ii. p. 510. G. Wood (*History of Wages in the Cotton Trade . . .*, 1910) gives a higher rate of wages for those who spun the thread of specially fine quality (1804, 32s. 6d.–36s. 6d.; 1810, 42s. 6d.; 1814, 44s. 6d.–60s.).

<sup>2</sup> “No labour . . . watching” (*Report . . . on . . . State of Children*, 1816, p. 9). This passage deals, indeed, with weaving—not with spinning.



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by forty-one Scottish mills, only 3,146 were males and 6,854 were females—4,581 were children, male or female, below the age of eighteen. For forty-eight Manchester mills an estimate of the same period gives the practically identical proportion of 6,687 adults to 6,253 children.<sup>1</sup> That is to say, there were twice as many women as men, and almost as many children as adults.

The wretched condition to which these women and children had been reduced was made public by the parliamentary inquiry of 1816, as also by the more detailed and thorough inquiries of 1832, and 1833. The children of the district were not enough, and others were therefore brought in from outside. They came from distant counties and from Ireland—sold by their parents. The workhouses of the large towns, even of London, sent their pauper children to the Lancashire workhouses. They were put to work in the mills, where the employer had only to provide them with food and clothing. On entering a mill, these children became exposed to a two-fold exploitation by the employer and by the adult workman, better paid than themselves, under whose orders they worked. The day was long, interminably long. Children under ten years of age, often only six or even only four or five years old, had to work twelve, sixteen, seventeen, even eighteen hours a day. If the supply of water happened to fail, or something went wrong with the steam engine, the employer made up afterwards for the lost time. He gave the hands their choice between a reduction of their wages to correspond with the days of enforced idleness, and overtime work to compensate for the time lost. The millhand could scarcely refuse the latter alternative. The wage for this overtime work was offered to the children themselves, not to their parents, and of course proved an irresistible attraction. The overseers of the workhouses, whose duty it was to lodge the children during the night, deposed that they were obliged to keep them under lock and key to prevent them from running away, and obliged also, when work was over for the day, to make

<sup>1</sup> P. Gaskell, *Artisans and Machinery*, p. 142; *Report . . . on . . . State of Children*, 1816, pp. 240 sqq.

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the round of the mills to collect those who had fallen asleep in corners, worn out by sheer fatigue. They slept at their work, upright beside the dangerous machines, which were constantly injuring and maiming them. They could scarcely snatch the time to devour a meal abominably cooked on the boiler itself. Sometimes in the worst managed factories the millhand was obliged to eat as best he could while he worked. The atmosphere of the workshops had to be kept moist—to prevent the cotton threads, stretched on the machines, from breaking. The workers were soaked to the skin; and in cold weather their garments froze to their backs, as they were returning home.

Men, women and children of both sexes were herded together in the factories, at work in an overheated atmosphere which excited the sexual instinct. It was not to be expected that the women, who lived promiscuously like beasts with their male companions, would offer much resistance to the desires of the foreman, or of the factory owner himself, or of his sons, who from the age of fifteen or sixteen were placed in the mill with full authority to command and punish. In 1828 Francis Place told d'Eichthal, the Saint Simonian, that when a friend of his visited a Lancashire mill, the owner had bid him take his choice among the mill girls.<sup>1</sup> At night the streets of Manchester presented a disgusting spectacle. It was quite common for the mill girls, with their husbands' connivance, to eke out their scanty wages by prostitution.<sup>2</sup>

One would naturally have expected, as the result of all this misery and degradation, that the race would rapidly degenerate and that the population of England would be destroyed by the development of the factory system, as the aborigines of Australia and New Zealand are being destroyed

<sup>1</sup> *Condition de la Class ouvrière en Angleterre* (1828), *Notes de Voyage de Gustave d'Eichthal* (*Revue Historique*, vol. lxxiv. 1902).

<sup>2</sup> J. T. Barber, *A Tour throughout South Wales*, p. 140 n.; "In Manchester . . . an almost promiscuous intercourse prevails in the great mass of the people; insomuch that the magistrates attempt to check the increase of bastard children by inflicting stripes and imprisonment on the women who bear above a certain number."

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by contact with European civilization. This, however, was by no means the case. About 1775 it was still possible to find economists who maintained that the population was decreasing. Twenty years later, however, when Malthus wrote his famous *Essay on the Principle of Population*, the marvellous success of his book proves that the surplusage of the population was a phenomenon patent to all observers. Shortly afterwards, with the new century, began the series of decennial censuses; and every ten years Malthus could appeal to the official statistics as an experimental proof of his thesis.

Undoubtedly this growth of population could be explained in two different ways. It might be explained by an increase in the birth rate, in which case a temporary growth of population would have harmonized perfectly with an enfeeblement of the race. The conditions of life for the worker in a great industry, with no possessions and no care for the morrow; a Poor Law which compelled society to keep the children of an indigent workman; factories, larger and more numerous every day, which demanded thousands of children: all these were causes directly favourable to the growth of population. But this growth could be explained equally well by the lowering of the death rate. According to trustworthy statistics, gathered in a manufacturing district, the death rate in 1780 amounted to a fortieth of the population. It was only a fifty-fourth in 1810, and was to fall to a sixtieth by 1830.<sup>1</sup> Surely this was the result of an improvement of the public health. When all is said and done, we can hardly deny that the conditions of life among the poorer classes were even worse before the establishment of the factories than they were in 1815. We must beware of regarding a paler colour, less developed muscles and a greater precocity as infallible signs of racial decadence. For a purely rural healthiness was substituted a new type of healthiness, in harmony with the new environment which was being created by industrialism for an ever-increasing number of Englishmen.

<sup>1</sup> *Statement of Progress under the Population Act*, pp. 14-15. For the period between 1780 and 1800, cf. Porter, *Progress of the Nations*, ed. 1851, pp. 20 sqq.

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Undoubtedly new and deep-seated causes of misery had come into being. Nevertheless, if the factory system tended to revolution this was mainly because it concentrated the misery of the lower classes in a few large towns, where it was exposed to the universal gaze and became a public scandal. Already in 1815 English society had begun to seek and to devise remedies for the evils for which it felt itself responsible.

The progress of machinery was of itself a remedy. We shall soon see what the life of the common artisan had become in the period immediately preceding the introduction of the factory system. At present we will simply point out certain features of the new technical inventions which rendered possible an improvement in the hygienic conditions of those engaged in manufacture. The wooden houses which were soon saturated with oil and became perfect hotbeds of infection were replaced by an enormous iron building, whose very structure was healthier.<sup>1</sup> The system of overtime was one of the worst methods by which the employer could exploit his men, though practised with their apparent consent. It was, however, chiefly in the factories where water power was employed that this was in a certain sense inevitable. Where steam took the place of water the millhands could, and to a certain extent did, escape this oppression. Where a stream drove the mill wheel, every manufacturer was obliged to wait till the factories further upstream let the water escape. Hence there were periods of enforced idleness, which varied in length according to the amount of water in the stream at a particular time.<sup>2</sup> Then the water poured in, and while it was flowing, to leave it unemployed was to lose money. There was, therefore, a time of forced labour, during which the millhand worked as many hours as the factory owner demanded, in order thus to regain the money lost in the hours of inaction. When the steam engine was introduced, it could work day and night almost without intermission. It was, of course, impossible to demand from the millhands twenty hours' work every day. Henceforward two relays

<sup>1</sup> P. Gaskell, *Artisans and Machinery*, 1836, p. 141.

<sup>2</sup> *Report . . . on . . . State of Children*, 1816, p. 116.

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would divide the day and night between them, each relay working eleven hours. It appeared from every inquiry that the sweating was worse in the small factories than in those of considerable size. The small manufacturer could only maintain his position if he compensated for the inadequacy of his plant by lowering wages. The large manufacturer, on the other hand, scorned, and paraded his scorn of these paltry economies. He knew that well-paid hands, debarred from intemperance, and over whom a certain moral supervision was exercised, produced more in the long run than a rabble of drunken slaves.<sup>1</sup> He knew that on the whole the best advertisement for the products of his factory was a large mill, airy and well built, where he could display to visitors the ingenious devices which he had adopted for the ventilation of the workshops. He also knew that, as the importance of a business increases, more money must be spent on advertising. The large manufacturer was, therefore, induced to play the philanthropist by motives which we may well regard as strictly economic.<sup>2</sup> But there were further motives which conspired with these to produce the same effects.

There was, in the first place, social snobbery. The manufacturer who had made his fortune sought admission into the ranks of the local gentry, to whom he felt himself an object of suspicion. The constitution of English society opposed no insuperable barrier to the realization of his ambition. The landowners could not, after all, be quite hostile to an industry which was enriching the district so rapidly. The rise of the poor rate was certainly vexatious, but was compensated by the rise of land values. A farm of 100 acres counted for very

<sup>1</sup> *First Report of Commissioners . . . as to Employment of Children in Factories*, 1833, p. 200: "It appears that in Scotland and in the eastern districts of England, where the harshest treatment of children has taken place, the greatest number of bad cases occur in the small obscure mills belonging to the smallest proprietors."

<sup>2</sup> See the characteristic evidence given by Richard Arkwright before the Parliamentary Committee of 1816 (*Report . . . on . . . State of Children*, 1816, pp. 277 sqq.), as also his letter to the Committee, June 10, 1816 (*ibid.*, p. 306).



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little, but when this insignificant piece of land became the site of an entire suburb of some large town, the owner found his property better worth having.<sup>1</sup> The landowners were, moreover, in need of wealthy men to fill certain honourable but extremely costly posts, and to perform certain obligatory functions both judicial and administrative—to become “sheriffs” in the counties, magistrates in the large towns. They were also divided politically into two opposing parties. We have already seen how, during the last thirty years, the Tories had sometimes profited by utilizing industrial parvenus to destroy the preponderance of the great Whig families. But the manufacturer desirous of being smuggled in among the members of the ruling aristocracy must be prepared to make some pecuniary sacrifices to obtain his ambition. The sight of an ill-kept factory, full of debauched and drunken hands, was offensive to the beholder and occasioned slanderous reports. If the factory had been set up at a distance from the towns the factory owner would be well advised to make his factory a model factory, to erect decent-looking cottages for his workmen, and to appear as a patriarch ruling peacefully over his tribe, or a great landowner administering his estate. The ability which had made him his fortune would now be directed to the skilful expenditure of that fortune in the interests of a social and political career. If he wished to pass as a leader of society, he had to learn to spend lavishly the wealth which he had made, in order thereby to cast a veil of oblivion over the methods, often dishonourable enough, which he had originally employed in order to make it.

Besides this snobbery another motive influenced the ideas and actions of the large manufacturers—a motive which also made for the improvement of the conditions under which the workers lived and toiled. This was evangelical zeal. An important religious revival, which has exercised a profound influence over the whole of modern England, had been spreading a rejuvenated Protestantism, a new Puritanism, throughout the manufacturing districts of the north-west.

<sup>1</sup> J. Kennedy, *Rise and Progress*, pp. 121-3.

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No Church, however, can be successful except by coming to terms with the Devil. The evangelicalism of Wesley and Whitefield, in many respects remorselessly fanatical, had learnt to adapt itself to the economic requirements of North-west England, and displayed the greatest indulgence towards all the business methods of the speculative financier or promoter. Here also a fusion took place between two opposed tendencies. There came into existence a class of austere men, hard workers and greedy of gain, who considered it their twofold duty to make a fortune in business and to preach Christ crucified. This class had its hypocrites, but it had also its saints—zealous philanthropists, who were, moreover, possessed of the practical turn of mind which enabled them to effect their schemes of benevolence without self-improvement.

The Strutts of Belper in Derbyshire,<sup>1</sup> the Ashtons of Hyde in Cheshire, and the Dales of Lanark on the Clyde, enjoyed universal respect. Dale, who was soon assisted by his son-in-law, Robert Owen, employed 1,700 hands in his spinning mill, which was, indeed, the livelihood of all the 3,000 inhabitants of the village of Lanark. They were lodged in cottages specially built for them at Dale's expense, and bought their food from a shop where he sold at cost price provisions of good quality. No children were put to work before the age of ten, and even then their working day did not exceed ten hours. A school was opened, attendance at which was optional for little children, compulsory for children over the age of ten.<sup>2</sup> Perhaps, however, all this tutelage was found galling by some workmen. They were well treated but felt the lack of liberty, and regretted their original savagery. In 1816, in the course of a parliamentary inquiry, a large manufacturer of the neighbourhood was asked whether many workpeople left the New Lanark factory to take work

<sup>1</sup> For the Strutts, see *Memoirs, Journal and Correspondence of Thomas Moore*, vol. ii. p. 315, Thomas Moore to Miss Dalby Mayfield, 1814.

<sup>2</sup> *Reports of the Society for Bettering the Conditions of the People*, vol. ii. pp. 367 sqq. Extract from an account of Mr. Dale's cotton mills at New Lanark, in Scotland, by Thomas Bernard, Esq.

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in his employment. He replied in the affirmative. When asked the reason of this, he answered, on the authority of a workwoman who had just arrived from New Lanark, "There had been," she had informed the witness, "a number of new regulations introduced. They had got a number of dancing-masters, a fiddler, a band of music, there were drills and exercises, and they were dancing together till they were more fatigued than if they were working."<sup>1</sup> It cannot, however, be denied that the factory system, for the very reason that it was despotic, did in some instances lead to the establishment of a discipline organized in the interest of philanthropy.

The combined influence of all these motives is visible in the campaign which had been carried on since the closing years of the 18th century against the ill-usage to which children were subject in factories. Manufacturers who had improved the conditions of labour in their own establishments were indisposed to tolerate in the factories of their neighbours the abuses suppressed by themselves.<sup>2</sup> A full thirty years before the first appearance of modern Socialism they realized that the factory system lent itself to legal interference, and to a systematic inspection which had been impossible under the system of handloom and home industry. They demanded accordingly the intervention of the State to equalize the conditions of the economic struggle between themselves and their competitors. Moreover, when, in 1802, Sir Robert Peel, a big manufacturer of cotton goods and a member of the House of Commons, introduced and secured the passage of the first Act for the regulation of child labour, he

<sup>1</sup> *Report . . . on . . . State of Children*, 1816, p. 167, Mr. Adam Bogle's evidence.

<sup>2</sup> *Reports of the Society for Bettering the Condition of the Poor*, vol. iv. Appendix, No. I. Report of a Select Committee of the Society upon some Observations on the late Act respecting Cotton Mills . . . p. 9: "It has not been alleged that grievances do exist in *all* Cotton Mills. The Committee has a pleasure in stating that many are now worked in conformity to the principles of the late Act of Parliament. . . . From the practical experience of those Mills the regulations of the late Act were framed."

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was conscious, more or less distinctly, that his initiative was strengthening his position in Parliament. His influence was proved by the passage of his Bill. He won the respect and approval of Wilberforce and his "Evangelical" followers, who possessed at that time considerable authority with the Government. For they were the philanthropists who had created the movement of public opinion, of which he now made himself the mouthpiece in Parliament—Manchester doctors anxious for the public health, pious Christians scandalized by the gross immorality to be witnessed in the mills.<sup>1</sup>

Sir Robert Peel's Bill<sup>2</sup> fixed at twelve hours the maximum working day for child apprentices sent into the mills by workhouses. Night work was prohibited. They were to receive daily a certain rudimentary instruction, for which the necessary time was to be deducted from the hours of work. We have been warned by certain historians not to exaggerate the importance of a statute which was simply an amendment of the Poor Law. The Report, however, of the debates which preceded its adoption is ample proof that the legislators were fully aware how important was the step they were taking.<sup>3</sup> Why not have recourse, demanded certain opponents of the measure, to the old methods of regulating labour, and limit the number of apprentices? The objection clearly shows, replied Sir Robert, that the objectors knew

<sup>1</sup> Hutchins and Harrison, *History of Factory Legislation*, pp. 7 sqq. *Report . . . on . . . State of Children*, 1816, *Minutes of Evidence*, p. 135, Sir Robert Peel's evidence: "I was the first person that was employed in bringing (the general regulation of cotton work) under the attention of Parliament, but the subject had been discussed for years before, at Manchester, at London and at other places."

<sup>2</sup> 42 Geo. III, cap. 73.

<sup>3</sup> H. of C., April 6, May 4, 18, June 2, 1802 (*Parliamentary Register*, vol. lxxxix. p. 446; vol. lxxx. pp. 183, 457, 590). See also, in the Report of the Sitting of March 15, 1802, a Bill brought in by Mr. Wilbraham Bootle, "that the overseers of the different parishes should be compelled to keep registers of the names of the persons to whom parish children were apprenticed, the names of the parishes whither they were sent, under certain penalties" (*Parliamentary Register*, vol. lxxxix. p. 199).

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nothing of the new industrial conditions. That the cotton manufacture was superior to the woollen manufacture was owing precisely to that fact that it was not trammelled by the old regulations limiting the number of apprentices. Other opponents, over-zealous for the new policy—Evangelicals such as Wilberforce and Lord Belgrave—asked why the operation of the new statute should be confined to the cotton manufacture and not extended to other manufactures, or why pauper children alone should be protected and not all children employed in cotton mills. It would not do, replied Sir Robert, to compromise the safety of the Bill by attempting too much. As it was, the leading manufacturers in the North were beginning to agitate against it.

Finally the Bill became law. Was the Law carried into execution? Only too often the magistrates neglected their duty, or were actually ignorant of the obligations imposed upon them by the new statute. The overseers, elected annually in each parish to secure the proper administration of the Poor Law, had neither the time nor the capacity, often not even the desire to enforce the execution of this special statute.<sup>1</sup> It is true that the abuses condemned by the Act of 1802 tended to some extent to disappear. This was, however, due to the fact that the introduction of the steam engine was concentrating the spinning mills in the large towns, where child labour was plentiful, and where there was consequently no need to obtain it from the workhouses of the entire

<sup>1</sup> *Report . . . on . . . State of Children*, 1816, pp. 178 sqq. The evidence of John Moss, governor of the Preston workhouse: "Do you know of an Act of Parliament prohibiting the employment of apprentices in cotton work above twelve hours a day?—No, I never heard anything of that" (*ibid.* p. 329). Evidence of William David Evans, Esq., J.P.: "Are you aware that the Act of Parliament, generally called by the name of Sir Robert Peel's Act, directs the appointment of certain inspectors by the magistrates, one of them to be a magistrate and the other a clergyman?—Yes. Has that provision been put in force in Manchester?—I have only been aware of that provision since reading the Act yesterday." In 1804 Wilberforce had introduced, at the request of fifty "respectable and experienced magistrates of the county of York," a Bill to increase the powers of control enjoyed by the Bench (H. of C., May 8, 1804, *Parl. Deb.*, vol. ii. p. 397).




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land.<sup>1</sup> These children, however, of the large manufacturing towns were surely no less worthy of public attention because they were not actually the wards of the parishes and the State.<sup>2</sup> It was, indeed, impossible to neglect for long the objection raised in 1802 by Wilberforce and Lord Belgrave. Another philanthropic factory owner, Robert Owen, persuaded Sir Robert Peel to complete his Act of 1802,<sup>3</sup> by introducing in the Commons on June 6, 1815, a new Bill, which applied to all children employed in any factory, where the raw material of the manufacture was either cotton, wool or flax. The employment of children below the age of ten was absolutely prohibited, and a working day of ten hours and a half was fixed for all workers under eighteen years of age. Half an hour of compulsory instruction was to be given daily. A body of paid visitors was to be appointed to secure the execution of these provisions. Such was the character of the project. It was not to be adopted definitely till 1819 and then only in a very mutilated form.<sup>4</sup> This, however, mattered little. The foundations were being laid of a new code of industrial legislation, adapted to the needs of the factory system. The originators, moreover, of this legislation, which was being gradually built up, were the leading manufacturers themselves.

We have perhaps somewhat over-emphasized the attempts made since the opening of the century by philanthropists and Members of Parliament to introduce some measure of legal protection of labour in the cotton mills. Certainly up to 1815 such efforts had borne very little fruit. Nevertheless, something had been done, and it was thereby proved that something could be done. There were more difficult problems to be solved, the position of the workman was more unfortunate, and his spirit more revolutionary, in those branches

<sup>1</sup> *Report . . . on . . . State of Children*, 1816, pp. 132, 137, 141. Sir Robert Peel's evidence.

<sup>2</sup> A further Act was passed in 1816, imposing stricter conditions on the apprenticing of pauper children (56 Geo. III, cap. 139. )

<sup>3</sup> *Life of Robert Owen*, pp. 115 sqq.

<sup>4</sup> 59 Geo. III, cap. 66.

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of the cotton manufacture in which machinery, in the proper sense of the term, had either not been introduced at all or was as yet in its infancy.

### *Cotton Weaving.*

Cotton was combed, carded, slubbed, and spun in large factories. It was also in large factories that the cotton fabrics, once woven, were bleached, dyed and colour-printed. But in 1815 the actual weaving was still done almost entirely by hand. How are we to account for this solitary survival of hand-loom weaving when, in all other branches of the same industry, machinery had successfully ousted the handicraftsman? We have already had occasion to notice that the universal employment of women and children in spinning mills was throwing out of work an ever-increasing number of adult male workmen. They had to obtain a living somehow or other, and their very destitution kept hand-weaving in existence. The scantiness of the wage with which they were content enabled them to compete with machinery.<sup>1</sup> Nevertheless, although we may well admit that this cause was operative, we can hardly believe that it was preponderant. A further cause was that the number of weavers bore too large a proportion to the number of spinners. In 1811 it was calculated by one witness that in the town and suburbs of Manchester there were 12,000 weavers as against only 9,000 spinners.<sup>2</sup> The poverty-stricken weavers of Lancashire were not even indirectly the victims of machinery. It would,

<sup>1</sup> P. Gaskell, *Artisans and Machinery*, 1836, p. 33.

<sup>2</sup> *Report . . . on . . . Petitions of several Weavers*, 1811, p. 2, Joseph Hanson's evidence. Cf. *Report . . . on Petitions of several Cotton Manufacturers and Journeymen Cotton Weavers*, 1808. Evidence of James Atherton, a Bolton Weaver, p. 24: "Would you wish to turn manufacturer yourself?—I would not, to injure the weavers; they are the greatest bodies in Yorkshire, Cheshire, Cumberland, Lancashire, and some other counties." Cf. the figures given by G. H. Wood, *The Statistics of Wages . . . the Cotton Industry*, in the *Journal of Royal Statistical Society*, 1910, p. 596.

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on the contrary, be nearer the truth to say that the fear inspired by their threats and numbers was the real cause why machinery was not introduced earlier into this department.<sup>1</sup> If we would understand how it was that in cotton weaving the hand loom stood out so long against machinery, we must consider the history of the technical inventions which gave rise to the English cotton manufacture, the order in which the several inventions took place, and the intervals between them.

In spinning, the rate of production had been accelerated by two distinct classes of inventions. To speak accurately, the machines were either looms set in motion by the human hand or automatic devices driven by water or steam power. Hargreaves' jenny was a loom, Arkwright's water-frame a machine in the stricter sense, Crompton's mule a loom. These inventions of equal ingenuity, but of a different nature, took place almost simultaneously. In the spinning mills the introduction of the perfected loom was contemporaneous with the introduction of the power machine. Only three years separated Hargreaves' invention from that of Arkwright; Arkwright's invention took place eleven years before Crompton's. Moreover, both Hargreaves' jenny and

<sup>1</sup> Other reasons have been adduced to explain the long survival of hand-weaving. Attempts have been made to explain it in the same way as the sweating system of our own time is explained. The progress of machinery led to such lowering of wages, that the artisans were able to maintain a struggle against the competition of machinery only by working for a starvation wage (Mantoux, *Révolution Industrielle*, pp. 239, 240). But, in the first place, the progress made by machinery up to 1815 was insufficient to permit of this theory. Why, moreover, do we find this phenomenon in cotton weaving and not also in cotton spinning? It is also alleged that the growth of the large-farm system in rural districts caused an influx into the manufacturing towns of workers compelled by poverty to accept any pittance rather than die of starvation (*Report . . . on Petitions of several Cotton Manufacturers and Journeymen Cotton Weavers*, 1808, p. 25, evidence of James Atherton, a Bolton weaver. *Report . . . on Petitions of several Weavers . . .*, 1811, p. 6, evidence of Thomas Smith, of Glasgow). It must not, however, be forgotten that at this very period agriculturists were bewailing the increasing dearness of agricultural labour, which they ascribed to the emigration of labourers into the towns.

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Crompton's mule were so constructed as to admit of easy adaptation to machinery driven by water or steam. Eleven years after Crompton's invention Kelly invented a means of making the mule automatic.<sup>1</sup> In weaving, however, inventions followed an entirely different course. In 1733 John Kay had patented his fly-shuttle, which enabled a weaver to turn out with his loom larger and more numerous pieces of cloth than before. It was not until 1785—fifty-two years later, that Edmund Cartwright patented his machine for the automatic weaving of cloth. In the interval a powerful industry had grown up, based on the employment of the fly-shuttle. The result was that when, towards the close of the 18th century, attempts were made to introduce machinery, the problem was not the same for the weaver as for the spinner. In the spinning mills it was simply a matter of constructing a new plant. For the weavers, however, the change involved the complete sacrifice of the old plant, in which much capital had been sunk. It was surely but natural that the forces of resistance should be much stronger in this department and that the critical period of change should be far longer and should entail far greater suffering.

It was in 1785 that Cartwright invented his weaving machine, his power loom. In 1787 he attempted to establish a factory at Doncaster, in Yorkshire, but, not being a good man of business, he failed. In 1791, in concert with the Grimshaw firm, he set up a large factory in Manchester. The weavers of the district rioted, and one night the mill was burned. It was now out of the question to face the popular indignation in Manchester, and the Grimshaws sought in vain throughout the whole of Lancashire for a favourable locality to make a new attempt. In 1803 Horrocks took out a patent for a machine which marked a slight advance on Cartwright's—a machine made entirely of iron, and taking up so little room that several hundreds could be employed in a single workshop. He won the first victory obtained in Lancashire over the weavers' opposition. About the same date Radcliffe invented a dress machine which

<sup>1</sup> P. Gaskell, *Artisans and Machinery*, 1836, p. 30.

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accomplished automatically an operation which had hitherto demanded, with Cartwright's machine, the constant presence of a workman, and the frequent stoppage of the machinery. On the whole, however, the power loom made its way very slowly. In 1808 Radcliffe calculated that it was only employed in some twenty-eight or thirty mills.<sup>1</sup> In 1813 there were not above a thousand or two thousand looms driven by steam.<sup>2</sup> Ten or twenty years had yet to elapse before the new process of manufacture was in general use. In 1812 an outbreak of disorder among the workmen whose centre was Nottinghamshire spread to Lancashire; and in that county it was the weavers who rose against the introduction of machinery. Riots occurred; the soldiery were employed to repress them, and sanguinary conflicts followed between the troops and the rioters.

The industrial system which prevailed among the weavers of cotton cloth was not the factory system; neither was it the system of domestic industry, in the strict sense of the term. It was a system intermediate between both, which, in the history of modern capitalism, was the immediate precursor of the factory system. So far the capitalist only appeared under the aspect of the merchant. He bought the cotton thread which he required from the large mills of Manchester and the banks of the Irwell, and distributed it among a scattered host of domestic weavers<sup>3</sup> to be made into cloth. He then resold the cloth to the factory owners

<sup>1</sup> *Report . . . on Dr. Cartwright's Petition respecting his Weaving Machine*, 1808, pp. 8-9, Radcliffe's evidence.

<sup>2</sup> W. Cooke Taylor, *Modern Factory System*, p. 94: 1,000; Baines, *Lancashire*, vol. ii. p. 471: 2,400; W. Cooke Taylor, *Handbook of Silk, Cotton and Woollen Manufactory*, p. 127: 2,500.

<sup>3</sup> These usually worked without any assistance outside the members of their family. *Report . . . on Petitions of several Cotton Manufacturers and Journeymen Cotton Weavers*, 1808, p. 29, evidence of John Sharpe, a cotton weaver of Stockport: "I only employ my own children, sometimes three and sometimes four." Sometimes, however, they employed a small number of paid workmen. See the above-mentioned report, p. 27, evidence of John Honeyford, a cotton weaver at Bolton. He owned four



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to be bleached, dyed and printed. The weavers, to whom he supplied the raw material, were to all appearance independent producers. They owned their looms. They did not work directly for a wage. They were given a certain quantity of thread to weave, and the price which they would receive on delivery of the cloth to the capitalist who had supplied the thread was fixed by bargaining. The resemblance was, however, only apparent between this system of manufacture and the old village industries, where cottage workers divided their time between the cultivation of the soil and the manufacture of flax, wool or cotton.

The weavers were no longer peasant workmen, but workmen alone; and they were exploited by the merchant who supplied the thread. The merchant had no means of profiting by improvement of the plant; and since in Lancashire the looms were the property of the workmen, he would scarcely trouble to inquire how they did their work.<sup>1</sup> For this reason, and also because the rate of a loom's production was regarded as a constant factor, his only way of increasing the rate of production was to prolong and render more intense the labour of the weavers. The feverish over-production, which we are usually inclined to consider as characteristic of the factory system and of the use of machinery, was already a marked feature of the hand-loom system, in the period immediately preceding the introduction of machinery. Already the capitalist had realized that in this field also he could force the demand and increase it almost boundlessly,

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looms worked by "John Wilson a journeyman, John Haley a journeyman, and the third is worked by an apprentice, Sarah Needham. I always wrought myself; John Haley is working my loom till I return."

<sup>1</sup> *Report . . . on Petitions of several Cotton Manufacturers and Journeymen Cotton Weavers*, 1808, p. 4, evidence of J. Bury of Stockport: "State what part of these charges vary with the rate of wages which the workman receives and what part are independent of the variation?—I am not a practical weaver and therefore cannot answer so precisely as a workman."

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by simply increasing the rate of production. Every day witnessed the appearance of new employers—ex-workmen who bought cotton thread with borrowed capital and offered work to an ever-increasing number of weavers. They attempted, by reducing the sale price of cloth to an absurdly cheap figure, to rob the old-established firms of their custom.<sup>1</sup> By an equally excessive lowering of the price paid to the weavers, they sought to escape the ruin with which they were threatened in consequence of their daring methods of business. If we were to construct a curve showing the fluctuations in the weavers' profits during the twenty-five years of war, we should find that this curve, though extremely irregular, was on the whole descending from beginning to end.<sup>2</sup> About 1792 the cotton weavers were better paid than the majority of British workmen. In 1811 a weaver could no longer earn more than 11s. a week; and the frequent periods of unemployment reduced his real average wage for a week to 7s. At the same date an agricultural labourer of the neighbourhood would be earning, without any fear of unemploy-

<sup>1</sup> *Report . . . on Petitions of several Cotton Manufacturers and Journeymen Cotton Weavers*, 1808, p. 191, evidence of Mr. Thomas Helps, City of London, a wholesale dealer in cotton goods: "We employ persons to manufacture for us whose goods we take nearly exclusively—some of them the whole; but in consequence of the great number of jobs, as we term it in the trade, we have not been able to dispose of goods, manufactured by persons who purchase their materials in the cheapest and best way. What is meant by jobs?—It means a lot of goods to be sold under their actual value." See the entire report with the evidence attached, for a view of the state of the weaving industry at this period.

<sup>2</sup> *Report . . . on State of Children*, 1818, p. 7, evidence of Mr. A. Buchanan, of Glasgow: "Do you find that where manual labour is used the wages fluctuate more than in your manufactory?—The hand-weaving fluctuates very much. Is your employment more uniform than in other trades when there is less machinery?—Of course." For the fluctuations in weavers' wages during the war see the copious details given in the *Report . . . on Petitions of several Cotton Manufacturers and Journeymen Cotton Weavers*, 1808, especially pp. 9, 21–2, 26, 27, 28, 29. Cf. G. H. Wood, *The Statistics of Wages . . . the Cotton Industry*, in the *Journal of Royal Statistics Society*, 1910, pp. 428, 434.

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ment, his 12s. to 14s. a week.<sup>1</sup> Unbridled competition, over-production, periods of crisis, merciless sweating of the handicraftsman—all existed in this industry before the appearance of the factory. Yet these evils are universally considered as inseparable from the modern organization of commerce and manufacture.

The weavers raised an outcry, and their grievances were ventilated in Parliament. Sometimes they blamed the spinning mills for their destitution, complained that cotton thread was too dear, and demanded that obstacles should be placed in the way of its export, that its price might be thus lowered in the home market. These complaints were sheer absurdity; for now that cotton thread was spun by machinery, it was only too plentiful. Or again they would demand the legal protection of employers and men against their mutual competition, to be effected by a scale of prices determined by the magistrates and enforceable at law. In making this demand they doubtless recalled the time, not so long past, when they were prosperous members of the lower middle class, and formed enormous and powerful associations for the defence of their corporate customs. But the day of corporations had gone by. The evils under which they suffered admitted of no remedy until the technical processes of the industry were revolutionized and the hand loom replaced by the machine. Then perhaps legal interference would be more practicable, since the industry would not be so scattered. Then, perhaps, the employer would be able to obtain greater profits, not by lowering wages, but by improving plant. Such a change, however, could only be brought about at great cost, both of old habits broken and of small accumulations of capital lost.

The weavers clung desperately to the semblance of home life and to the semblance of liberty. To keep these they were ready to accept an ever smaller price for their work; and

<sup>1</sup> *Report . . . on Petition of several Weavers, 1811*, pp. 2-3, Joseph Hanson's evidence: "The spinners can get three times the wages we can," deposed a weaver in his evidence given before the Commission of 1808 (p. 24).

their employers, therefore, had but little inducement to employ machinery. The change was not worth the risk of a riot, in which a factory might be burned and an entire fortune lost. The weavers worked "at home," that is to say, in an apartment that was not their own—a kennel in which the looms took up all the available room, a dark hovel, almost a cellar: weaving had to be done in a damp place to keep the thread supple.<sup>1</sup> They were, indeed, property owners because the looms at which they worked were their property—the looms which they refused to give up although they were the means of their exploitation. They felt that they were still to some extent free. Although the conditions of their labour were in reality dictated by those who supplied the thread, they were not subjected to daily supervision. They could work at a strain for several days in succession, toiling for longer hours than they would have been willing to do in a factory, and then indulge in two or three days of idleness and drinking.<sup>2</sup> The military discipline of the factories was their bugbear. When they smashed the power looms they were revolting by anticipation against the orderly and regular habits which modern civilization was to impose upon them.

To sum up, the cotton manufacture in England at the beginning of the 19th century presented a double aspect. In certain departments the system of machinery, of factory work and of wage labour was already in full swing and producing all its effects. In other departments, on the contrary, there prevailed a system of actual wage-labour but of apparent liberty, where the workman working in his room was keenly

<sup>1</sup> *Report . . . on . . . State of Children*, 1816, p. 202, evidence of Kinder Wood, Esq., Oldham: "Do they (the handweavers) work in small damp workshops?—They like a damp workshop." See also the evidence of Mr. Thomas Whitelegg, *ibid.*, p. 148: "Those cellars that the weavers work in have not the means of thorough ventilation in the same way that the factories have?—They have thorough ventilation, for very often the windows are broken."

<sup>2</sup> *Report . . . on . . . State of Children*, 1816, p. 120 (Skipton, evidence of William Singwick). Cf. pp. 234-5 (suburbs of Glasgow), H. Houldsworth's evidence.

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attached, despite his extreme and ever-increasing destitution, to his old habits of work, and to the loom which was his own property, and struggled desperately against the introduction of the factory system. It was in these departments that the labour unrest presented its gravest aspect. The examination which has been made of the cotton industry will greatly facilitate our understanding of the other textile industries. Although machinery had nowhere else made such rapid progress as in the cotton manufacture, and although there were important differences between one industry and another, we shall find everywhere phenomena closely akin to those which we have just been studying.

### *Linen : Woollens : Hosiery.*

The state of the linen trade was far from flourishing. The use of cotton spread from day to day, for the contest between the two industries was by no means even. And it would have been still more uneven had not the landowners done their best for the last century to encourage the manufacture of linen. They had obtained protective measures from Parliament.<sup>1</sup> In the three kingdoms they formed societies for the distribution of prizes and bounties.<sup>2</sup> What, then, was the reason of all this interest? It was partly because the cultivation of flax was a source of wealth to the landowners and their tenant farmers. It was partly also due to the fact that the farmers and agricultural labourers could add to their income or wages by spinning and weaving in their spare time. It was, therefore, to the interest of the patrons of

<sup>1</sup> 7 Geo. III, cap. 58. This statute imposed a duty on the import of foreign linen and deducted from the proceeds of this duty a sum of £15,000 to distribute in the shape of bounties to the cultivators of hemp and flax.

<sup>2</sup> There was founded in Ireland *A Board of Trustees of the Linen and Hempen Manufactures* (A. J. Warden, *Linen Trade*, p. 393). The *English Linen Company* was incorporated in 1764 (*ibid.*, p. 371). In Scotland there was the *British Linen Company* (*ibid.*, p. 442). This last was turned later into a bank.



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the linen trade to perpetuate the system of village and domestic manufacture, and to hinder the transference of the industry from the country to the towns. It should be added that the greater proportion of British linen was woven in Ireland in and around Belfast. Shortly after the revolution of 1688 a species of industrial compact had been concluded between the two kingdoms. England, which had systematically ruined the woollen manufacture in Ireland, consented, in the interest of the Protestant farmers of Ulster, to tolerate the Irish linen manufacture. In Ireland, however, there existed neither factories nor machinery; the system of work was purely and simply domestic. Small farmers and cottagers cultivated the flax, spun it and wove it with the assistance of their families, and took the linen to market, where agents of the Dublin *Board of Trustees* verified the alleged measurements, guaranteed the quality and then dispatched the goods, marked with their stamp, to England and the Continent.<sup>1</sup>

We have already seen how wretched was the existence led

<sup>1</sup> For the organization of the linen manufacture in Ireland see A. J. Warden, *Linen Trade*, pp. 395 sqq.; Arthur Young, *A Tour in Ireland*, Part II, pp. 104 sqq.; Wakefield, *Ireland*, vol. i. pp. 684 sqq., vol. ii. p. 740. See in Arthur Young's *Tour in Ireland*, p. 194, some interesting reflections upon the prudential motives which at the close of the 18th century deterred the merchant manufacturer from becoming a manufacturer in the strict sense of the term. "The drapers who are bleachers, purchase the linen, do not weave it on their own account; and here lies probably much of their profit. They take advantage of the variation of *times*, to use a commercial term, and often get the linen under its fair value; they have the advantage of all temporary necessities among the weavers; but at all events they know to a farthing the value they can give, and they do not buy a piece more than suits them. But if the weaving was done on their account, they would be obliged to make the linen, however dead the market, or else have their men idle. Another observation which goes generally to all undertakings of this sort, is that the uniting in one person several branches of manufacture, will rarely be found advantageous. If every step is a distinct trade, alone occupying capital and attention, the fabric is the more like to thrive. . . . I question whether the most sagacious draper in Ireland would make considerably, if he wove the cloth as well as bleached it."

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by the Irish cultivator. He was therefore content, when he wove linen, with a remuneration so scanty, that it wholly prevented in Ireland, and retarded even in England, the introduction of machinery. After thirty years of experimenting, alike in England and in Scotland, with the earliest machines for spinning flax,<sup>1</sup> and despite the establishment around Leeds and Dundee of two important centres of flax spinning by machinery, it was only some three years before our date that one solitary factory in London had introduced machinery for the manufacture of coarse sail cloth.<sup>2</sup> In 1815 the weaving of linen cloth was still a village handicraft.

The woollen manufacture was one of the oldest English industries. It had always been the object of parliamentary solicitude, being regarded as the chief source of British wealth. About 1750 the export of woollens accounted for a third of the entire value of English exports. As long as the war with revolutionary and imperial France continued, the constant demand for woollen cloth for the Army had rendered less acute the crisis of this industry. And wages had even risen. Since the opening of the 19th century the manufacturers had been accustomed to ascribe the victory which they enjoyed over their French or Flemish competitors to the superiority of their plant.<sup>3</sup> Nevertheless, the progress of machinery, though more rapid than in the linen manufacture, was slower than in the cotton manufacture. What was said above of cotton weaving in Lancashire may be applied to the woollen manufacture as a whole. The manufacture of cotton was a new industry which had been obliged to create within a century its entire plant. The woollen manufacture, on the other hand, being based on long-established traditions, offered more opposition to tech-

<sup>1</sup> Warden, *Linen Trade*, pp. 381, 690.

<sup>2</sup> *Ibid.*, p. 107.

<sup>3</sup> *Minutes of Evidence . . . respecting . . . Laws relating to Woollen Trade*, 1803, p. 347, evidence of Mr. Edward Austin, merchant in London: "We have . . . thrown them (the French and Flemish drapers) entirely out (of the London market) by means of machinery. The machines have been the means of ameliorating the cloth and of keeping down the price."

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nical innovations. Whatever desire they might feel to force the rate of production, the capitalists were obliged to consider the attachment shown by the workmen for their old organization and old plant. The discontent and the turbulence of the wool workers never ceased to engage the attention of Parliament during the first fifteen years of the century. There are, therefore, at our disposal numerous official documents informing us as to the state of the wool trade in the two districts where it had centred since the economic decline of Norfolk had been completed—namely certain counties in the south-west, Gloucestershire, Somersetshire, and Wiltshire; and the West Riding of Yorkshire.

Machinery had already made its appearance in the southwestern district, but the opposition of the workmen rendered its introduction difficult. Moreover, the machinery was confined to the preparatory and to the final stages of the manufacture—the carding and spinning, the dressing and dyeing. The gig-mill, whose use was destined to render one of the dressing operations speedier and more perfect and against which the workers rose in revolt, was not even a machine, but merely an improved frame.<sup>1</sup> Water power was used, not steam power as yet. At the very time when the Lancashire mills were abandoning the rivers and were being concentrated in the large towns, the woollen manufacture in Gloucestershire was being dispersed throughout the countryside in the search for waterfalls.<sup>2</sup> Weaving was still done entirely by hand. In this department the backwardness of the woollen as compared with the cotton manufacture is obvious. Nearly a century earlier John Kay had invented his fly-shuttle for use in the manufacture of woollen cloth. The cotton weavers had appropriated it; and when now the fly-shuttle was at last being introduced, in the face of many obstacles, into the houses of the weavers of wool in the south-

<sup>1</sup> *Minutes of Evidence . . . respecting the Laws relating to the Woollen Trade*, 1803, pp. 345, 361.

<sup>2</sup> *Report . . . on Woollen Clothiers' Petition*, 1803, p. 14; *Minutes of Evidence . . . respecting the Laws relating to the Woollen Trade*, 1803, pp. 335-6.

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west, in the cotton districts it was being superseded by the power loom.<sup>1</sup>

The organization of labour was, however, much the same as that which obtained among the cotton weavers.<sup>2</sup> For many years the town merchant had successfully controlled the artisans of the countryside, the manufacturers, whose goods he sold; he had become in fact, to employ the current term, a merchant manufacturer. He furnished the artisans with the raw material, and received back from them the manufactured article. The price paid for their work was contested between himself and them under conditions almost identical with those of the labour disputes of our own time. Certain of the merchant manufacturers, in order to obtain more absolute control over the processes of production, even attempted to introduce the factory system, by collecting a large number of fly-shuttles in one single place, to be worked under their direction. But popular hostility usually compelled them to close their establishments; and they would then sell the looms which they had acquired to the artisans of the neighbourhood. It was in this way that John Kay's already antiquated fly-shuttle spread throughout the country districts of the south-west.<sup>3</sup> It is, nevertheless, indisputable that before the first appearance of machinery and the factory system there had grown up in this district a system closely akin to that of capitalism.

The West Riding of Yorkshire had remained more faithful than Gloucestershire to the old system of domestic industry. Every year the small handicraftsman mounted his horse and rode off to buy raw wool from the farmers. He had

<sup>1</sup> It seems to have made its first appearance, as an importation from the North, about 1801 (*Report . . . on Woollen Clothiers' Petition*, 1803, pp. 8-9).

<sup>2</sup> *Minutes of Evidence . . . respecting the Laws relating to the Woollen Trade*, 1803, p. 383. Mantoux, *Révolution Industrielle*, pp. 40 sqq. Cf. the author's article entitled *La Naissance du Méthodisme en Angleterre*, *Revue de Paris*, August 15, 1906.

<sup>3</sup> *Report on . . . Woollen Clothiers' Petition*, 1803, p. 15; *Minutes of Evidence . . . respecting . . . Laws relating to . . . Woollen Trade*, 1803, p. 266.

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it picked, carded and combed. Then he returned home and wove it with the help of his family. He would, moreover, give out work among his neighbours.<sup>1</sup> Leeds and Bradford in the north in the Aire Valley, Wakefield, Huddersfield and Halifax in the south in the Calder valley, were the centres of the woollen industry. The wool market was held at Wakefield and the cloth market at Leeds, while Bradford was the emporium for combed wool. In these towns large halls had been erected either by public subscription, or at the cost of a society, in which to hold a weekly market. Whenever cloth was to be sold, the artisans were drawn up in rows, each behind a counter, and the merchant passed along the rows selecting and purchasing their goods. In the West Riding the control of the artisans' labour had not fallen, as in Gloucestershire, into the hands of the merchants.

Nevertheless, certain manufacturers were already setting up spinning mills where machinery was employed. They were copying the example of the processes employed in Lancashire for spinning cotton—had perhaps come themselves from Lancashire. These mills were, however, at first, what were termed locally public mills—that is mills open in a sense to all comers where the small manufacturers, instead of being obliged, as before, to make long journeys across the hills, could bring their parcels of wool to be carded or their carded wool to be spun. It would appear, in short, that in Yorkshire machinery only came into employment with the express approval of the weavers, and in a form which endangered their economic independence as little as possible.

<sup>1</sup> Report . . . on . . . *Woollen Manufactories*, 1806, p. 8. The report was drawn up by Wilberforce (see *Life*, vol. iii. pp. 265, 267, 530). Cf. R. Warner, *Northern Tour*, 1802, vol. i. p. 245. The domestic system was destined to hold out for a long time to come, in certain parts of Yorkshire, against the introduction of the factory system. Howitt (*Rural Life of England*, 1840, p. 242) can still speak of dales where the inhabitants "won't work in a factory. The experiment was tried in this dale; but the people, like the French, would only work just when they pleased, and soon would not work at all. . . . The scheme failed; the factory stands a ruinous monument of the attempt, and these beautiful dales are yet free from the factory system."



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For example, an attempt, made in Bradford in 1794, to introduce an excellent combing machine of Cartwright's invention, had proved a failure on account of the invincible hostility of the workmen. More recently the merchants had begun to open dressing shops or dressing mills in which certain operations necessary for finishing the cloth before it was put on the market were performed under their control by men working together for wages. An improved frame, known as the shearing frame, was introduced into these mills. The shearers declared war against the new machine and appealed to the weavers for support. The weavers responded to the appeal, for they also had begun to feel themselves threatened by the competition of machinery. Certain merchants, not satisfied with establishing workshops for the final processes of the cloth manufacture, had attempted, in Halifax, in Huddersfield and in Leeds, to open weaving mills. When the cloth workers espoused the cause of the shearers, they were defending their own cause. Their numbers were large and they extended over a district, twelve to fifteen miles wide, and twenty to thirty miles long. They were members of the lower middle class, men who owned a house, a few acres of land, a horse and its stable. They formed the bulk of the West Riding electorate, and could put pressure on their representatives. It was, therefore, a very difficult matter to overcome their opposition to the factory system. Out of 466,000 pieces of cloth manufactured in Yorkshire in 1805, only 8,000 were made in the factories, which were confined to the production of a small number of fancy goods.<sup>1</sup> In 1812, the Yorkshire artisans, like

<sup>1</sup> *Report . . . on . . . Woollen Manufactories*, 1806, p. 12. The sole grievance of the discontented in 1806 was that the progress accomplished by the domestic industry, which they admitted to be real, had not been sufficiently rapid. *Report . . . on . . . Woollen Manufactories*, 1806 (*Minutes of Evidence*, p. 16, James Ellis' evidence): ". . . there generally has been an increase in the domestic manufactory till lately: lately the trade has increased, but the trade of the Domestic Manufacturer has not increased in proportion to the increase of the trade. That, I consider, is owing to factories. Cf. *ibid.*, pp. 89 (Samuel Waterhouse's evidence), 173 (evidence of two merchants, Jeremiah Taylor and John Oxley).

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those of Lancashire, destroyed power looms. The West Riding affords the sole instance of a direct transition from the domestic system to the system of machinery and factories, without that intermediate stage which we found existing among the cotton weavers and the wool weavers of Gloucestershire. In 1815 this transition had not yet been accomplished.

There were, therefore, labour riots in Lancashire, and also in Yorkshire. But in both districts alike the disorders of 1812 were but the backwash of an agitation whose centre was the neighbouring county of Nottingham. The special industry of Nottinghamshire—namely hosiery—dated from the opening years of the 17th century. It was then that the knitting frame had been invented—a frame composed of 2,000 pieces of wood or iron, in which the enormous number of needles at work simultaneously had made it possible to knit 100 stitches in the time formerly required to knit one.<sup>1</sup> It was a machine quite as ingenious, more ingenious indeed, and more difficult for an outsider to understand than the fly-shuttle, the jenny, the water-frame or the mule. Since the 17th century the knitting frame had already undergone a certain number of improvements. From 1750 onwards there had been numerous inventions for knitting ribbed stockings,<sup>2</sup> and fancy patterns,<sup>3</sup> and for making tulle and lace<sup>4</sup>. In 1812<sup>5</sup> there were in England 29,582 knitting frames, of which the vast majority were either at Nottingham, where the raw material was cotton, at Leicester, where it was wool, or at Derby, where it was silk. England enjoyed in this industry the same pre-eminence as in the textile industries. As against her 30,000 frames the entire Continent only possessed a little over 13,000.<sup>6</sup> Machinery in the strict

<sup>1</sup> See the text of the petition to Cromwell given in Felkin, *Hosiery and Lace*, pp. 63–5.

<sup>2</sup> Felkin, *Hosiery and Lace*, pp. 87 sqq.

<sup>3</sup> *Ibid.*, pp. 102 sqq.

<sup>4</sup> *Ibid.*, pp. 133 sqq.

<sup>5</sup> *Ibid.*, pp. 437–8 (quoting Blackner). See also for an account of the various processes of the local manufacture, J. Blackner, *History of Nottingham*, pp. 213 sqq.

<sup>6</sup> *Ibid.*, pp. 87 sqq.

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sense, however, had not made its appearance as yet, and the large factory was unknown. There was instead a system similar to that which we have remarked among the wool weavers of Gloucestershire. Here, however, the system involved more intolerable abuses and led to popular outbreaks of a graver character. Middlemen, who did no manual work, had acquired control over the industry, were forcing the rate of produce, and sweating the workers, who were for all intents and purposes a proletariat in their employ.

Around Nottingham, Leicester and Derby the social edifice was constructed as follows. At the summit were the real capitalists, the hosiers, who bought the raw material and finally received back the finished produce to put upon the market.<sup>1</sup> They never came into direct contact with the actual workers, the framework knitters. Between the two classes came those known as master stockingers, or bag hosiers—people of no great wealth or importance, usually local shopkeepers.<sup>2</sup> The hosiers paid them by the job to give out work and to collect it when finished. It is obvious that these middlemen could only make a profit at the cost of the artisan. They robbed him by payment in kind.<sup>3</sup> They robbed him by estimating too low the amount of work

<sup>1</sup> The fusion of the functions of merchant and manufacturer was less complete here than elsewhere. See *Report on the Framework Knitters' Petition*, 1812, *Minutes of Evidence*, p. 44: "... There are four descriptions of persons concerned in the stocking-making business: first, the merchant who buys from the hosier and sells to the shopkeepers; the next is the hosier—he is the person who employs the workmen and finds the material," etc. Cf. Felkin, *Hosiery and Lace*, p. 552: "Forty years ago, the machinery of the bobbin net trade was to a large extent in the hands of more than 1,000 small owners, chiefly handicraftsmen, most of whom were unused to business. . . . These employed some hundreds of agents in the disposal of the produce to their machines. Many of these were not much in advance of their employers; they carried their goods in large packs daily for sale at the warehouses and in the main were paid weekly."

<sup>2</sup> *Report . . . on . . . Framework Knitters' Petition*, 1812, *Minutes of Evidence*, pp. 30, 44.

<sup>3</sup> *Ibid.*, pp. 31-2.

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supplied, and by opposing, for this reason, the adoption of certain machines which would have rendered possible the automatic measurement of the goods delivered.<sup>1</sup> They robbed him by refusing to pay for work of whose quality they disapproved, while keeping the goods in question. The Nottinghamshire hosiers were subject to a further form of exploitation from which the Lancashire and Gloucestershire weavers were free. They did not own their frames. The knitting frames, whose cost was beyond an artisan's purse, were regarded in the district as one of the most profitable investments that a capitalist could make. In nine years he could get back the price he paid for one. It was a common thing for gentlemen of independent means who lived in the neighbourhood to invest sums of £100, £500, even £1,000 in the purchase of frames, although they were themselves utter strangers to the industry. About 1810 some two-fifths of the frames were in their possession.<sup>2</sup> Usually the hosiers themselves owned the frames and deducted a frame rent every week from the wages of every knitter.<sup>3</sup> The wages of the knitters, who were so mercilessly sweated in these various ways, had sensibly fallen during the last twenty-five years. At the outbreak of the war the average wage had been close on 13s. a week. In 1811, despite the enormous rise in the cost of foodstuffs, it had fallen almost to 12s.<sup>4</sup>

When the hosier was the owner of the frames at which the artisans worked, he was for all intents and purposes the owner of a dispersed factory, where everything belonged to

<sup>1</sup> *Report* . . . p. 15; Felkin, *Hosiery and Lace*, p. 170-1.

<sup>2</sup> Felkin, *Hosiery and Lace*, p. 454.

<sup>3</sup> *Report* . . . on . . . *Framework Knitters' Petition*, 1812, p. 6, *Minutes of Evidence*, p. 16.

<sup>4</sup> *Report* . . . on . . . *Framework Knitters' Petitions*, 1812, pp. 59-61: November 1792, 12s. 7d.; May 7, 1796, 12s. 7½d.; November 1811, 13s. 3½d. (we must deduct from this a frame rent of 1s.). In the interval the hosiery industry had experienced, about 1808, a period of extraordinary prosperity, and the weekly wage had risen to 18s. and 21s. (*Report* . . . pp. 23-30). Immediately afterwards, about 1810, they fell as low as 7s. (Felkin, *Hosiery and Lace*, pp. 230-1). We have neglected this abnormal rise and fall.

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him—both the raw material and the plant. Furthermore, an artisan would sometimes hire several frames at once, and put several men to work with these, collected in a single workshop under his supervision. Such a “shop of frames” or “shop of machines,” as it was termed at Nottingham, was of course simply a factory in embryo.<sup>1</sup> Only in embryo, however: many years were yet to elapse before the establishment here of large factories where the power was supplied by engines. The bobbin net machine invented by Heathcote in 1809 for the manufacture of lace was not a machine in the strict sense in which we have been employing the term. It was a frame which required a man to work it. It was not until in 1816, when the artisans had wrecked his lace-making frames, and compelled him to remove to Tiverton in Somersetshire, that Heathcote was to invent a process whereby the frame could be driven by water or steam power, and to set up in that district a real lace factory.<sup>2</sup>

Here again was an industry without factories or machinery, in which, nevertheless, the condition of the workers resembled very closely that of factory hands. During the years immediately preceding 1815, Nottinghamshire was the hot-bed of acute discontent among the proletariat. The artisans of the hosiery manufacture were in loud protest against the remorseless competition which prevailed among the hosiers, against the bad quality of the raw material, against the low wages they were receiving, against over-production. Illogically enough, they complained simultaneously that the number of looms was excessive, and their rent too high. A movement of insurrection on a large scale was organized in 1811. For two years the Luddites, as these revolted workmen were called, smashed frames by the hundred, pillaged

<sup>1</sup> *First Report of Commissioners . . . as to Employment of Children in Factories*, 1833, North-Eastern District, p. 34: “There are only four or five factories, properly so called, in Nottingham, where twist machines are worked; when assembled in small numbers, as ten or twelve, or lower, the term used is a shop of machines, as in the hosiery trade a shop of frames.”

<sup>2</sup> Felkin, *Hosiery and Lace*, pp. 171 sqq., 240 sqq.; *Annual Register*, 1816, Chron., p. 100.



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houses, and assaulted or killed obnoxious persons. The agitation spread to the neighbouring districts and caused panic throughout the length and breadth of England. Cobbett extolled the Radicalism of Nottingham; Byron sang the praises of the Luddites.

### THE MEANS OF TRANSPORT

#### *The Transport Industry. Internal Communications.*

In order to secure the transport of raw material to the places where it was manufactured, to dispatch the manufactured articles to the places where they would be used, to send out on all sides a host of commercial travellers, to receive the news of the entire globe, the manufacturers and merchants demanded plentiful and speedy means of communication. Nevertheless, the transport industry about 1815 was lagging behind the rest of the British industries. Urgent need was indeed spurring on inventors to discover new contrivances for the purpose; but the decisive inventions had not yet been made, or rather, to speak more accurately, although made, they had not yet come into practical use.

To take first internal communications. As far back as the 17th century the English had begun to improve these. They had established the system of turnpike roads, according to which the sums necessary for the repair of roads was levied from those who used them. They had rendered more navigable the small and shallow streams that intersected the English country districts. More recently Telford, famous for the roads which he made in Scotland, had inaugurated a new era by following Thomas Paine's advice and employing iron in the construction of bridges. In 1815 John Macadam was appointed Surveyor-General of British Roads, and could henceforth apply on a large scale the results of sixteen years of study. The various transport services had also been sensibly improved. About the middle of the 18th century

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it had been a source of general congratulation that the journey from London to Edinburgh could be accomplished henceforward in ten to twelve days instead of requiring three weeks. In 1784 the service of mail coaches organized by Palmer for the conveyance of letters and passengers had suddenly shortened distances. Henceforward Edinburgh was now only sixty hours' journey from London. Then the speed of the mail coaches was itself surpassed. During the years immediately preceding 1815 a perfect mania for speed possessed the rival coach services. The diatribes of the Press against the races between the drivers of stage coaches only provided the proprietors with an excellent advertisement. A stage coach performed the journey between London and Leeds in twenty-one hours—that is twelve hours less than the mail coach.<sup>1</sup> Nevertheless, when all is said and done, both roads and vehicles resembled very much the roads and vehicles at the service of a contemporary of the Stuarts or Tudors, perhaps even of a contemporary of Alfred the Great or Julius Caesar. All the progress accomplished amounted only to this—that a speed which was formerly the exception was now the normal speed, available at all times and in all seasons, on certain fixed days and at fixed hours. Moreover, as the speed increased so also did the cost of travelling. Outside the metropolitan district, where the postage of a letter was only 2d., the rates of postages had been growing constantly dearer. The postage of a letter from London to Chester, which had been only 4d. at the commencement of the 18th century, cost 6d. after 1784, 8d. after 1786 and 10d. after 1812.<sup>2</sup>

One single technical invention, copied from seventeenth-century France, had effected in the transport industry an unquestionable economy of time, labour and cost. A canal was in all truth a labour-saving machine, "roads of a certain kind on which one horse will draw as much as thirty

<sup>1</sup> *Leeds Mercury*, May 6, 1815.

<sup>2</sup> On the successive rises in postal rates, some due to a desire to improve the Services, others to a desire to increase the revenue obtained from the Post Office, see Joyce, *History of the Post Office*, pp. 216, 318, 330-1, 356.

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horses on ordinary turnpike roads, or on which one man alone will transport as many goods as three men and eighteen horses usually do on common roads."<sup>1</sup> Even had the construction of a canal been twenty times as costly as the construction of a road, there would still have been good reasons for making the canal rather than the road. In many cases, however, it was actually less expensive to make a canal than a road. Great landowners followed the example set by the Duke of Bridgewater and supplied skilful engineers such as Brindley, Telford and Rennie with the necessary capital to cover England with canals. From 1815 onwards the Port of Liverpool was connected by a network of waterways with all the manufacturing centres of Lancashire, with Kendal in Westmorland, with the manufacturing centres of Yorkshire and Staffordshire and beyond these with the Midlands, the ports on the south coast, and the estuaries of the Thames and Severn. In the course of fifty years 2,600 miles of canal had been constructed in England, 276 miles in Ireland and 225 in Scotland. Locks enabled the canals to cross hills, aqueducts took them over valleys. The construction of canals was to be continued with feverish activity until the competition of railways began. To all appearances this competition was imminent, for the need to which railways ministered was pressing, and the canals that intersected England were far from satisfying it. Railroads existed already in every coal mine, and in several places Parliament had already sanctioned the construction of actual tramway lines.<sup>2</sup> We have seen already how the fixed engines which pumped water from mines were sometimes used to draw wagons along rails. It was in 1815 that George Stephenson, a miner's son and a miner himself, patented, as the result of

<sup>1</sup> S. Philipps, *General History of Inland Navigation*, ed. 1792 p. ix.

<sup>2</sup> Porter, *Progress of the Nation*, 1851, p. 327, gives a list of these Acts, sixteen of which were passed between 1801 and 1815. The Hay railway (between Brecon and Parton Cross), 1811, was twenty-four miles long; the Severn and Wye Railway (between Lidbrook and Newern with branches), 1809, was twenty-six miles long.

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experiments carried out at the instigation and with the assistance of his employer, the first locomotive that can be regarded as really practicable. Nevertheless, some ten to fifteen years had yet to elapse before the invention came into actual use.

### *External Communications.*

After the foregoing sketch of the internal communications of England, we must now turn to the means at her disposal for the exchange of her products for those of foreign countries. In this department also progress had undoubtedly been made, but nothing of any great moment had been accomplished. In Scotland the Government had appointed in 1786, in pursuance of a concerted plan, a commission to inquire into the lighthouses of the North of Scotland,<sup>1</sup> and in 1806 had devoted the residue of the sums confiscated sixty years before, after the rebellion, to the improvement of commercial ports. In England the intervention of the State was more indirect and was confined to the passage of a series of statutes authorizing the foundation of societies due to private initiative. The lighthouse on the Bell Rock, erected by Rennie in the open sea at the entrance of the Firths of Forth and Tay, was an object of world-wide admiration. A century had already passed since Liverpool, by the construction of docks, had delivered shipowners from the extortions of the quay owners, had put an end to the activity of the bands of thieves who used formerly to loot merchantmen, and had enabled the loading and unloading of merchandise to be organized on a business footing. Liverpool had ruined in the north-west the old ports of Lancaster and Chester, and had taken the place once occupied by Bristol in the trade between England and America.<sup>2</sup> London

<sup>1</sup> 26 Geo. III, cap. 101.

<sup>2</sup> 46 Geo. III, cap. 154, 155, 156.

<sup>3</sup> Dupin, *Force Commerciale*, vol. ii. p. 210; R. Ayton, *Voyage Round Great Britain*, vol. ii. (1815), pp. 80 sqq.; Baines, *Lancashire*, vol. iv. p. 149 sqq. By 1815, however, the Liverpool docks were already inadequate to the needs of navigation.

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followed the example set by Liverpool. In the first decade of the century alone, three mercantile bodies had constructed, in accordance with Rennie's designs, the London Dock, the West India Dock and the East India Dock. These docks covered some twenty to thirty acres, employed thousands of officials and labourers, and were surrounded by warehouses, whose construction had been the first experiment in iron architecture.<sup>1</sup> When, however, we leave the work accomplished on the coast and in the ports, and consider the construction of the vessels themselves, we are again struck by the universal backwardness of the industries of transport as compared with the directly productive industries.

From 1801 to 1809 the yearly tonnage of the vessels entering British ports, as of the vessels leaving those ports, had been on an average about 1,700,000 tons. In 1810 it had reached 2,000,000 tons and did not exceed this figure during the following decade.\* The number and tonnage of British vessels entering and leaving the ports certainly did increase, but not the total number and tonnage of vessels of every description.† It is, indeed, quite likely that the crises of over-production which were afflicting British manufacture were in part explicable by the insufficiency of the means of transport. It is true that inventors were engaged in the search for methods of navigation which were shortly to revolutionize the entire art. Already their efforts were being crowned with success. In 1801 Lord Dundas had employed a small steamboat for touring on a Scottish canal.<sup>2</sup> In 1807 Boulton and Watt constructed, on Fulton's model, another steamboat, intended for use on the Hudson. Since 1811 two or three small steamboats had plied regularly on the Clyde between Glasgow and Greenock, and in fine weather performed the journey quicker than the mail coach.<sup>3</sup> Two other steamships, built like the former at Glasgow,

<sup>1</sup> See an excellent description of the London docks in Dupin, *Force Commerciale*, vol. ii. pp. 18 sqq.

<sup>2</sup> Galloway, *Annals of the Steam Engine*, p. 233.

<sup>3</sup> W. Daniell, *Voyage round Great Britain*, vol. iii. (1818), p. 17; Porter, *Progress of the Nation*, 1851, p. 315.



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were, in use on the Thames—one between London and Gravesend, the other between London and Margate. This latter ship reached London by sea, and the newspapers celebrated as a magnificent feat her voyage of 1,500 miles, rounding Land's End.<sup>1</sup> Nevertheless, the idea of steam navigation on the open sea still seemed Utopian. No one thought that the steamship could ever come into general use except as a means of carrying passengers on the English estuaries between deep water and the landing stages.

<sup>1</sup> *Tilloch's Philosophical Magazine*, June 1815, vol. xlv. p. 472.

\* The exact figures are as follows:—

Date.	Tonnage of Vessels Entering.	Tonnage of Vessels Leaving.
1801 .. .. .	1,702,749	1,634,804
1809 .. .. .	1,697,962	1,650,315
[Between 1801 and 1809 no sensible fluctuations occurred.]		
1810 .. .. .	2,072,244	1,999,159
1820 .. .. .	2,115,671	1,982,515
[Between 1810 and 1820 no sensible fluctuations occurred.]		
1815 .. .. .	2,119,093	2,150,065

In these statistics the coasting trade and vessels trading between England and Ireland are left out of account (Porter, *Progress of the Nations*, 1815, pp. 397-8).

Year.	No. of British Vessels Entering.	No. of British Vessels Leaving	No. of Foreign Vessels Entering.	No. of Foreign Vessels Leaving.
1810 .. .. .	5,154	3,969	6,876	6,641
1815 .. .. .	8,880	8,892	5,314	4,701
1820 .. .. .	11,285	10,102	3,472	2,969

† Porter, *ibid.* On the other hand, Porter's estimate does not give so striking an increase for the entire Merchant Fleet of Great Britain (United Kingdom, European Possessions, Colonies) for the same period: 23,703 vessels in 1810, 24,860 in 1815, 25,374 in 1820 (*ibid.*, p. 168). We can only conclude that each vessel made a larger number of voyages.

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Shipowners profited on the whole by this insufficiency of the means of transport, and were in a position to dictate their own terms to the merchants who competed for the privilege of shipping goods on their vessels.<sup>1</sup> For them the opening years of the century had been years of uninterrupted prosperity.<sup>2</sup> The sailors of the Merchant Service benefited by the favourable condition of affairs as well as their employers. We possess exact statistics enabling us to follow the fluctuations in rates of pay on the colliers at Shields and Sunderland. Before the war the pay for each voyage to London had been from £2 10s. to £3. By 1800 it had risen to £10, £11, and even to £11 11s. The rise ought not to surprise us, if we remember the general rise of prices, the demand for sailors for the Navy, and the risk of navigation in time of war. It was inevitable that the rate of pay should fall with the restoration of peace, but it did not fall so low as the shipowners desired. The Newcastle and Sunderland sailors obtained by a skilful and methodical opposition, without any resort to violence, a collective contract, fixing their pay at £4 10s., and determining the number of men and boys required to man each ship, according to the size of the vessel. The industry of marine transport was as yet free from that over-production which invariably accompanies the progress of technical invention. In this department the era of iron and coal had not yet opened.<sup>3</sup>

<sup>1</sup> H. of C., March 3, 1812, Rose's speech: "In the year 1807, when the Orders in Council were originally issued, the rate was 19s. per ton; but at present it was not less than 25s. per ton—a clear proof . . . that the great body of the shipping of the country was constantly employed" (*Parl. Deb.*, vol. xxi. p. 1119).

<sup>2</sup> Porter, *Progress of the Nation*, p. 392.

<sup>3</sup> *Report on . . . the Coal Trade*, May 1800, Appendix, p. 569b; *Annual Register*, 1815, Chron., pp. 76–7, October 14th–28th. The statistics are hard to interpret. Sometimes the pay for a *London voyage*, or for a *voyage*, is intended, at others the monthly pay. It would appear that the voyage from Sunderland to London and back was estimated to last longer than a month (*Annual Register*, *loc. cit.*): "The shipowners of Shields have offered the men £5 per London voyage, or £4 per month on foreign voyages."

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### INDIVIDUALISM AND FREE TRADE

#### *Industrial Anarchy.*

In the period about 1815 British industry was in the throes of transformation. The entire revolution in technical processes was causing grave social disorders. It is true that the crisis was not equally violent in all branches of manufacture. Machinery did not make equally rapid progress in all alike. In several the system of capitalism had preceded the introduction of machinery. The condition of the workmen was not everywhere equally miserable, and even where the destitution of the men was the same, the spirit of rebellion was not equally aroused within them. The hotbeds of proletarian revolt were the districts where the system of domestic industry still prevailed, and where the artisans were rising either against the imminent introduction of machinery and factories or against the sweating to which they were subject, even before the appearance of the machine and the factory, at the hands of the merchants for whose profit they worked. It remains true, however, despite the various character of the phenomena produced, that we are witnessing a cleavage, and a cleavage growing ever sharper, between two classes. One of these consisted of the wealthy capitalists, who aimed at increasing the productivity of the workmen's labour, either by obtaining a more absolute control in workshops and factories or by the adoption of improved plant and more powerful machinery. The other consisted of the manual workers, reduced to the state of living machines, and completely under the thumb of the capitalist who interposed between themselves and the consumer. These two confronting classes bore no sort of resemblance to two properly constituted nations, each conscious of its unity, and capable of declaring war according to certain juridical rules, and of concluding treaties which it felt bound to observe. Neither the new class of employers

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nor the new class of workmen had yet learnt to organize. Not only was there open war between Capital and Labour, but also, in the ranks of Capital and of Labour alike, confusion and anarchy prevailed.

### *Competition, Over-production. The Struggle for Markets.*

The capitalists, the owners of factories and heads of manufacturing and commercial undertakings, moved forward like a disorderly mob to the conquest of markets. Combinations and syndicates of any kind were unknown. The producers had come to no understanding for the assignment to each producer of a particular market to be supplied with his goods, or for a fixed quantity of articles to be made at his factory. The combination of capital under any form played a very insignificant part in British manufacture. It is true that joint stock companies had made considerable progress since the early years of the 18th century, when they had been prohibited by a statute passed expressly for that purpose.<sup>1</sup> Adam Smith was only registering the progress accomplished despite this legal prohibition, when he recognized the useful part played by joint stock companies in all undertakings which could be reduced to "what is called a routine or to such a uniformity of method as admits of little or no variation."<sup>2</sup> Such undertakings were banking, insurance, the construction of canals, the water supply of large towns. These companies had made further progress during the opening years of the 19th century and had won an impor-

<sup>1</sup> 6 Geo. I, cap. 18. Section 18 of this Act prohibits "the acting or presuming to act as a corporate body or bodies, the raising or pretending to raise transferable stock or stocks, the transferring or pretending to transfer or assign any share or shares in such stock or stocks, without the authority, either by Act of Parliament or by any charter from the Crown, to warrant such acting as a body corporate, or to raise such transferable stock or stocks, or to transfer shares therein."

<sup>2</sup> *Wealth of Nations*, Book V, chap. i. Part III, ed. Thorold Rogers, vol. ii. p. 340.

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tant victory at law when the Court of King's Bench refused to apply to one of them the antiquated statute of George I.<sup>1</sup> They continued, nevertheless, to occupy an anomalous position in the organization of British industry. Lawyers were embarrassed, and public opinion outraged by the difficulty of fixing the financial responsibility of the shareholders in case of bankruptcy.<sup>2</sup> Joint stock companies were unknown in the branches of manufacture really representative of the industrial revolution such as the manufacture of cloth, metal working and mining.<sup>3</sup> Any companies that did exist in these departments consisted of a mere handful of individuals, who shared not only the stock but also the control of the business.<sup>4</sup> Individualism was the general rule. Each manufacturer founded his own fortune, and desired to remain, and did remain, sole master thereof.

<sup>1</sup> See *Report of the Arguments upon the Application to the Court of King's Bench*, 1808. Judgment was given on May 30, 1808.

<sup>2</sup> See the Parliamentary Debates, H. of C., June 16, 1800. Lord Hawkesbury's motion "for the Second Reading of the Bill for incorporating certain individuals into a society, under the name of the 'London Incorporated Society' for the manufacture of flour, bread, etc.," and Tierney's speech thereupon (*Parliamentary Register*, vol. lxxiv. pp. 118 sqq.).

<sup>3</sup> Tooke (*History of Prices*, vol. i. p. 278 n.) gives a list, taken from a contemporary newspaper, of forty-two joint stock companies founded in 1807, nearly all of which were stillborn, and perished in the crisis immediately consequent upon this feverish outburst of speculation. Of these five were insurances companies, seven breweries, four distilleries, seven companies for the sale of wine and spirits, two companies for the sale of foodstuffs, one for the sale of drugs, three banks, one a company for the sale and transfer of land, one agency. This leaves eleven companies (coal, light and heat, cloth, wool, linen, copper and paper) more nearly connected with manufacture. In many instances, however, the title hardly enables us to decide whether the company was concerned with the actual manufacture (or extraction) of the articles in question, or merely with the trade in these articles when already manufactured. There can be no doubt in the case of the *London Clothing Company*, whose title informs us that it was founded "for supplying the Army, Navy and Public with clothes."

<sup>4</sup> Schmoller, *Die geschichtliche Entwicklung der Unternehmung*, in *Jahrbuch für Gesetzgebung Verwaltung, und Volkswirtschaft in Deutschen Reich*, 17th year, 1893, p. 1014.



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The immediate result of this individualism was irregularity of production. Every individual capitalist had seen that there was a market for an ever-increasing yearly output. He concluded from this that he could force on the market, without any agreement with his fellow manufacturers, all the articles he could produce in his workshops or factory. The inevitable result, however, of the fact that all were making simultaneously the same calculation, was that the increase in the rate of production was in excess of the increase in the rate of consumption. This meant over-production and consequent crisis. The credit even of old-established firms was shaken and thousands of workpeople thrown upon the streets. Then, as the actual result of the crisis, the correct ratio between production and consumption was restored. The goods offered for sale at very low prices were finally sold out. The ruined employers disappeared. The workmen thrown out of employment found work again either in new establishments or in the old, carried on now on an even larger scale; for no sooner was a crisis over, than the producers resumed once more their feverish toil. Had the manufacturers been prudent they would have sought to protect themselves against the excesses and dangers attendant upon competition either by demanding Government interference or by the conclusion of voluntary agreements among themselves. But their systematic optimism and their manufacturing and mercantile enthusiasm blinded them to every difficulty. They counted on the discovery of new markets to absorb an ever-increasing production. They demanded the abolition of all restrictions on the freedom of production and exchange, and especially the abolition of the tariff wall between different countries. Their programme was one of universal brotherhood of a sort: Free Trade was to abolish war. We must remember, however, that for the collective rivalries of nations, they would have substituted competition between all the individual members of those nations. Moreover, the manufacturers had only recently begun to take up this Free Trade propaganda. Adam Smith in his classical work, had still to censure their obstinate

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adherence to Protection. We can even follow, during the years preceding 1815, the stages of their conversion to the cause of Free Trade.

After the annihilation of French sea-power at Trafalgar, Napoleon had adopted other tactics in a second attempt to destroy the industrial and commercial supremacy of Great Britain. He tried to take his revenge on land, by using his dominion over Europe to organize an economic blockade of the two islands composing the United Kingdom to starve England into submission by depriving her of the foodstuffs of which her own soil no longer furnished a sufficiency, and to ruin her by refusing her the raw material which her manufacturers obtained from the Continent, and by closing the principal markets to her manufactured goods. In 1806 the Decree of Berlin had prohibited all commerce or intercourse of any kind with England, had ordered the arrest of all British subjects found on French soil, and the confiscation of all vessels and cargoes of English origin. In 1807 the Decree of Milan had declared as denationalized and lawful prize any vessel which had submitted to be searched or taken into an English port by an English cruiser. In 1810 the Fontainebleau decrees had ordered that any articles of English manufacture found in the countries subject to Napoleon should be confiscated and publicly burnt. A quantity of goods actually were burnt to a value exceeding £40,000,000.

The English response to this policy of systematic boycott was an attempt to break through the circle which enclosed them. Since Napoleon had excluded them from Europe they sought new markets beyond the ocean. The hemp, and the timber needed for building, which they could no longer obtain from Russia and Denmark, was now procured from Bengal and from the North American colonies. Since corn could not be obtained from the Baltic, its cultivation in Ireland was fostered, and in 1806 Ireland was allowed for the first time to import corn into England free of duty. In another direction the English attempted to force their way into the Spanish and Portuguese colonies in America, which

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for centuries had been closed to foreign commerce. As the result of an understanding with the London merchants, but without the approval of the Government, Sir Home Popham and General Beresford ventured in 1806 to make a regular raid on Buenos Ayres and Montvideo. The raid failed. Shortly afterwards, however, the French armies invaded the Spanish peninsula, and immediately, not only the whole of South America but also Oporto, Lisbon and Cadiz, in revolt against the French occupation, opened their markets to the products of English manufacture.

The total value of English exports to America (exclusive of the United States) rose from £7,771,418 in 1805 to ten and eleven million in 1806 and 1807, to £16,591,871 in 1808 and to £18,014,219 in 1809. The value of exports to Portugal rose from £426,122 in 1808 to £804,022 in 1809, to £1,308,216 in 1810, and to £4,650,703 in 1811.<sup>1</sup> Nor was Portugal the sole European market for British goods. British goods found their way even into the parts of Europe subject to the dominion or influence of Napoleon. The elasticity of commerce, as an English orator termed it, proved strong enough to overcome all the obstacles piled up by Continental Governments. The goods would be landed in some Baltic port, and no system of police, however well organized, could then prevent them from reaching any point in Europe. Napoleon himself, who was always short of money, tolerated infractions of his own system. His troops needed to be clothed and shod, and for that purpose he permitted the import of English cloth and leather by way of Hamburg "in perfect safety and at half-price." English goods had accumulated in Denmark ready to be smuggled over the frontier. The importers must have paid an insurance premium of 33 per cent. Napoleon decided to permit the open importation of the goods on payment of a duty equal to that percentage. By this step his treasury benefited to the extent of thirty

<sup>1</sup> For the figures see *An Account of the Real Value of Exports* . . . 1805-11 and 1812. For the difficulty of interpreting the statistics of imports and exports, see Brougham's interesting observations (H. of C., March 3, 1812, *Parl. Deb.*, vol. xxi. pp. 103-4).

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million francs in one year.<sup>1</sup> In 1810 the harvest in England failed, famine was imminent and the blockade might perhaps have proved successful. But Napoleon, in order to obtain English gold for France, and to increase his revenues, authorized the export of corn on a large scale into England on payment of an export duty. Thanks to his action, England was supplied with bread and the famine was averted.

So far we have observed no traces of any opposition between the policy of the British Government and the interests of the manufacturing and mercantile classes. The aim of both was the same—namely to discover new markets, to recover markets which had been closed, and in every way possible to render nugatory the measures taken to boycott British commerce. Pitt's party was at once the war party and the commercial party. In 1803 the City had manifested its warlike spirit by the foundation, at an enormous public meeting attended by 5,000 people, of Lloyd's Patriotic Fund. £150,000 were subscribed in the space of a month; and six years later the society's funds had reached the sum of £425,000. Out of this fund relief and pensions, the latter often larger than those given by the Government, were distributed by a committee of business men to officers, soldiers and sailors, and to their wives and children.

If the world ever saw a magnificent act,  
That time might on adamant write,  
Sons of commerce, 'tis yours.

Thus wrote Dibdin, the popular ballad-monger. But as time went on far-reaching differences of opinion revealed themselves between the Cabinet and the City.

### *The Struggle against the Orders in Council.*

To the measures taken by Napoleon the British Government replied by a policy resembling, on the whole, very closely

<sup>1</sup> Bourrienne, *Memoirs*, vol. iv.; chaps. xv. and xx. (ed. Lacroix, vol. iv. pp. 169-70, 210-11).

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that adopted by the Emperor. To Napoleon's decrees corresponded the Orders in Council opposing an English blockade to the French.<sup>1</sup> It is, indeed, hard to say which of the two Governments, during the struggle which had been going on throughout the past decade, had been the first to strike. Napoleon had issued the Berlin Decree as an answer to an Order in Council of April 1806, declaring the entire continental coast from Brest to the Elbe in a state of blockade. Similarly the Decree of Milan was the direct reply to an Order in Council of January 7, 1807, and to seven Orders in Council of November 1807. The substance of these Orders may be summed up as follows. The entire coast of the countries subject to French domination or in alliance with France was declared to be in a state of blockade. All commerce was prohibited between one French or allied port and another, or between any such port and a neutral port. One resource was, however, offered to neutrals desirous of trading with a French or allied port. Greater facilities than were formerly given were now accorded to neutral vessels importing foreign goods into England. They were even permitted to re-export these goods or export others. They were allowed to carry on this import or export trade with any part of the coast of France or of her allies, which was not at the time actually blockaded by English vessels. The sole condition imposed was that the neutral vessels should have touched at an English port, declared and unloaded their cargo, and paid a duty on it.<sup>2</sup>

<sup>1</sup> A list of the Orders in Council will be found in the *Cambridge Modern History*, vol. ix., Napoleon, chap. xiii. The Continental System, by J. Holland Rose. The list is, however incomplete. Cf. Twenty-four Orders in Council (H. of C., February 28, 1813, Lord Holland's speech, *Parl. Deb.*, vol. xxi. p. 1058). Mr. Holland Rose only gives eleven.

<sup>2</sup> The text of the Order in Council of January 7, 1807, of the three Orders in Council of November 11th, and of the four Orders in Council of November 25th, will be found in the *Annual Register* for 1807, pp. 671, 746, 749, 750, 754, 755, 757, 759. Other Orders in Council are mentioned in the *Annual Register* for that year, bearing date August 19th, September 2nd, November 4th, December 9th and 18th.



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In short, Napoleon issued a prohibition of all commerce between England and the countries subject to his authority or influence. The English Government replied by a prohibition of all commerce between neutrals and France, unless the neutral ships put in at an English port on their way and paid a duty to the English exchequer. Napoleon defied England to dispense with the Continental market and the British Government in return defied the French Empire to dispense with all goods which were either of English manufacture or had passed through the English customs. The two nations, to employ the illustration of a Minister, George Rose,<sup>1</sup> were in the position of two men who had both put their heads in a bucket, and were trying to see who could keep his head under the longer.

The manufacturers, however, far from accepting this policy, rose up against the restrictions placed by Cabinet and Parliament on the export of their goods. It was in vain that William Spence, the economist, in a work which reached a fifth edition within two years, reaffirmed the old physiocratic doctrine that land was the sole source of wealth; that commerce, being merely an exchange of equal values, was barren, and that therefore a great nation, and England above all others, would lose nothing by the sacrifice of her trade.<sup>2</sup> James Mill began his career as a writer by a defence of Commerce, which enjoyed an equally great success.<sup>3</sup> He contrived to prove that commerce was the creator of utility and wealth, that universal over-production was an impossibility, and that the supply was, of its nature, always equal to the demand, since all products were exchanged against all products, and partial gluts of the market were due solely and entirely to the clumsy interference of Government,

<sup>1</sup> This illustration was, according to Tierney, employed by Rose in a conference with the Birmingham manufacturers. H. of C., April 27, 1812 (*Parl. Deb.*, vol. xxii. p. 1063).

<sup>2</sup> *Britain Independent of Commerce*, 1st ed., 1807.

<sup>3</sup> *Commerce Defended: An Answer to Arguments by which Mr. Spence, Mr. Cobbett and others have attempted to prove that Commerce is not a Source of National Wealth*, 1st. ed. 1807, 2nd ed. 1808.

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which paralysed exchange. This was undoubtedly the first work, explicitly and dogmatically preaching Free Trade, which had appeared in England since the beginning of the war. It reflected the opinions of the manufacturers and merchants. From 1807 onwards Liverpool was in open protest against the Orders in Council. As the years went by all the seaports and manufacturing towns joined the movement of protest.

Eventually the movement became so strong that the Cabinet beat a hasty retreat. An Order in Council of April 26, 1809, opened to free trade all the German ports beyond the Ems, and the Italian ports between Pesaro and Orbetello. It is true that the blockade, while restricted in scope, was apparently rendered more stringent. The Order in Council of 1809 discontinued the facilities granted in 1807 to neutrals willing to trade with the blockaded coast on condition of first touching at an English port. But this discontinuance was merely formal. Since 1806 the British Government had assumed the authority to grant licences authorizing individual merchants, in direct contravention of the Orders in Council, to import a determined quantity of certain kinds of foreign merchandise, on condition that the importing vessel re-exported English merchandise to the value of £5 or more for every ton of cargo capacity. These licences were the object of the most reckless speculation, both in the City and in all the ports of the Continent and their number went on constantly increasing; 1,600 in 1806, they exceeded 18,000 in 1810.<sup>1</sup> Nevertheless, the system was still far from giving satisfaction to merchants and manufacturers.

The licensed vessel was usually a neutral, owned by a foreigner and manned by a foreign crew. This aroused the complaints of English shipbuilders and shipowners. The interests of the Merchant Service were, they alleged, being

<sup>1</sup> H. of C., March 3, 1812, Brougham's speech (*Parl. Deb.*, vol. xxi. p. 1105). For the licence system see Brougham's entire speech, with useful corrections by Rose (*ibid.*, p. 1118). See also William Herbert's speech (H. of C., April 16, 1812, *Parl. Deb.*, vol. xxii. pp. 410 sqq.), and A. Baring's speech (H. of C., August 17, 1812, *ibid.*, pp. 425 sqq.).

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sacrificed to those of commerce. The Baltic Powers, henchmen, whether voluntary or involuntary, of Napoleon, were being assisted to build fleets and to train sailors. Between 1806 and 1809 the number of ships built in England fell by more than a half.<sup>1</sup> During the same period the proportion of foreign to British vessels in the ports of the United Kingdom was constantly increasing,<sup>2</sup> and in 1810 had reached 13.127 per cent. The merchants themselves complained. They charged the licence system with favouring the Port of London to the detriment of other ports, since the London merchants were nearer the Cabinet and therefore in a better position to obtain all the licences they wished. They also charged the system with extending unduly the influence of the Executive. How, they asked, could the Cabinet refuse a licence to a merchant who was an influential Member of Parliament or who possessed a strong electoral interest in a borough? Even if the working of the system could be kept free from abuses, the Board of Trade was, according to them, undertaking a task wholly beyond its power in thus claiming to act as the Providence of the economic world, and to know better than the parties interested what sorts of goods were in demand, and at what time and in what quantity these goods were wanted. The irregularities observable in the distribution of goods, the repeated crises and the constant gluts of the market were due perhaps to the mistakes of the Board of Trade. Opposition to the licensing of trade strengthened among manufacturers and merchants their distrust of all Governmental interference with the economic machinery of the country. The dispute which broke out in 1812 between the British Government and the United States formed the occasion of a decisive conflict.

The economic interests of the United States had been injuriously affected by the Franco-British war. To defend themselves against the effects of the Decrees and Orders in Council, they had adopted in their turn a policy of retaliation.

<sup>1</sup> H. of C., March 3, 1812, Brougham's speech (*Parl. Deb.*, vol. xxi. p. 1106),

<sup>2</sup> Porter, *Progress of the Nation*, 1851, p. 392.

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By the Non-Intercourse Act of 1809 all commerce, whether of import or export, between the United States, France and England was rendered impossible. When in 1810 the Non-Intercourse Act expired, the American Government adopted a subtler policy, and put up its favour, as it were, to auction between the two rival Powers. It declared the Non-Intercourse Act would be suspended until March 1811, and would then only come into force against whichever of the two nations had failed during the interval to modify its decrees so as to free the neutral commerce of the United States. Napoleon's diplomacy did not fail to turn to profit the deep-rooted ill-feeling which existed between the English and their former colonists. At little cost to himself he gave full satisfaction to the American demands. It was, therefore, against England alone that the Non-Intercourse Act came back into operation on February 2, 1811. Notwithstanding negotiations continued between the Cabinets of St. James and Washington. They concerned several matters; fictitious blockade; the right claimed by England to recapture, without any form of trial, English sailors, or those presumed to be such, found on board American vessels; and the Orders in Council. It was this last matter that affected the manufacturers and merchants. Throughout the winter of 1811-12 they were engaged in a campaign to force the hand of the Cabinet, and to compel it to grant the demands of the American diplomatists by revoking completely the Orders in Council.

Licences were granted freely to Baltic shipowners, but refused to Americans. This was, maintained the Opposition speakers, an absurd policy. North America was the sole Power in the world beyond the reach of Napoleon, and its Navy could never be incorporated in the enemy's fleet.<sup>1</sup> It was, therefore, to the political interest of Great Britain to conciliate the United States instead of constantly provoking them and driving them into war. Moreover, England's

<sup>1</sup> H. of C., March 3, 1812, Brougham's speech (*Parl. Deb.*, vol. xxi. p. 1105).

<sup>2</sup> *Ibid.*, April 17, 1812, speeches of Rose and Brougham (*Parl. Deb.*, vol. xxii. pp. 430, 437).

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economic interest coincided with her political. In Warwickshire men were everywhere being thrown out of work: the reason was that North America had ceased to buy her hardware.<sup>1</sup> In Lancashire also there was similar unemployment, because raw cotton could no longer be obtained from North America. It was by no means unlikely that if America could no longer exchange her agricultural produce for English manufactured articles, she would become herself a manufacturing State. The report spread that the United States were already beginning to manufacture their own nails and horseshoes, and that in certain Baltic ports American cotton thread had already made its appearance.<sup>1</sup> The speakers on the side of the Government made a very poor defence. They confined themselves to casting upon the Opposition leaders the responsibility of having inaugurated in 1806 and 1807 the policy of Orders in Council. They pretended to be in doubt whether the orders themselves were being attacked or the licensing system which was a departure from the Orders. They urged their opponents not to compromise the freedom of action of the English diplomatists by unseasonable debates, while the negotiations with the United States were in progress. When a motion was made for the institution of an inquiry into the operation of the Orders in Council and the Licensing System they secured its rejection in both Houses.<sup>2</sup> Nevertheless, their majority in the Commons was only seventy-two.

Very significant defections occurred among the supporters of the Government, among them being Canning, a member for Liverpool,<sup>3</sup> and Wilberforce, a Yorkshire

<sup>1</sup> H. of L., February 18, 1812, Lord Lansdowne's speech; H. of C., March 13, 1812, A. Baring's speech (*Parl. Deb.*, vol. xxi. pp. 1043, 1128). Cf. Charles Lyne, *A Letter . . . to Lord Castlereagh . . . on the North American Export Trade during the War . . .* 1813.

<sup>2</sup> By 135 votes to 71 in the Lords, by 216 to 144 in the Commons.

<sup>3</sup> H. of C., March 3, 1812 (*Parl. Deb.*, vol. xxi. pp. 1139 sqq.). In justification of this apparent abandonment of a policy that he had once warmly defended he argued that the supporters of the Orders in Council had nothing to fear from the inquiry.



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Member.<sup>1</sup> A widespread agitation was organized. The Leicestershire framework knitters, the Staffordshire potters, the clothiers of the West Riding, the workers engaged in the cotton industry at Kendal, and in the Birmingham hardware manufacture, the shipowners of London, Liverpool, Glasgow, and North and South Shields united to demand the revocation of the Orders in Council. At Liverpool a petition was signed by three-fourths of the shipowners.<sup>2</sup> The petition from Birmingham bore 14,000 signatures.<sup>3</sup> After Perceval's assassination, the Cabinet, reconstructed only with the greatest difficulty and in confused disorder, was forced to yield. On June 23rd there appeared a proclamation by the Prince Regent revoking the Orders in Council of April 26, 1809, so far as concerned American vessels and their cargoes.<sup>4</sup> Rejoicing took place in the manufacturing districts. At Birmingham the *Committee of Artisans* prepared a triumphal reception for the delegates who had carried their petition to London. A crowd of 50,000 took part in the celebrations.<sup>5</sup> When a general election was held a few months later Brougham, who had led the entire campaign, stood for election at Liverpool against the Tory candidates Canning and General Gascoyne. Though he failed to win the seat, his opponents' majority was very small indeed; and the result of this election was generally regarded as a sign that on the question of freedom of commerce the business world was at issue with the party in office. But since 1688 the party in power had always enjoyed the support of the business world.

<sup>1</sup> H. of C., March 3, 1812 (*Parl. Deb.*, vol. xxi. pp. 1150-1). He denounced the systematic fraud and perjury inseparably bound up with the grant of licences.

<sup>2</sup> H. of C., May 13, 1812 (*Parl. Deb.*, vol. xxiii. p. 183).

<sup>3</sup> H. of C., April 17, 1812 (*Parl. Deb.*, vol. xxii. p. 427).

<sup>4</sup> See the full text of the proclamation (*Parl. Deb.*, vol. xxiii. pp. 716-18 n.).

<sup>5</sup> *Leeds Mercury*, July 11, 1812.

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### *The Progress of Free Trade Propaganda (1813-1815).*

The victory gained in 1812 by the supporters of freedom of commerce was in reality no victory at all; or rather, to speak more accurately, it was a victory won a few days too late. Five days before the revocation of the Orders in Council on the 23rd of June, the Government of the United States had declared war on England. Two years were to pass before peaceful relations were reestablished between the two nations. The South American market was insufficient to compensate for the loss of the market afforded by the United States to English merchandise, and was glutted by the goods profusely and indiscriminately thrown upon it. Where was a new market to be found? In Asia perhaps, did not the monopoly of the East India Company stand in the way. The advocates of freedom of commerce pressed for its abolition.

There existed formerly in England several large trading companies, privileged with rights of monopoly, which organized trade with foreign countries and established permanent factories abroad. As the power of the State grew, and the Government was enabled to afford direct protection, by its consuls, sailors and soldiers, to Englishmen residing abroad, these privileged companies had all disappeared with the exception of one, which continued to occupy a position of peculiar importance. This was the East India Company, the *United Company of Merchants of England trading to the East Indies*. It is true that its sovereign rights had been restricted. The meeting of shareholders, the *Court of Proprietors*, and the *Council of Directors*, had been made subject in 1785 to a *Board of Control*, composed of six members which were nominated by the Government, the President of the Board being ex-officio a member of the Cabinet. Nevertheless, the Company retained the right, subject to the control of the Board, to build forts, to appoint governors, to coin money, to hold courts of law, and to raise and maintain

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an army. It is also true that the economic privileges of the Company had been curtailed.<sup>1</sup> In 1793 a statute had been passed to compel the Company to ship every year on board its vessels 3,000 tons of goods belonging to private merchants. But the Company still retained the monopoly of navigation between the United Kingdom and India and China, and all the imports from the Far East had to be deposited in the Company's warehouses and there sold publicly. The Company owned a fleet of 115 vessels, manned by some 10,000 sailors, and maintained, around its docks and warehouses between London Bridge and Blackwall, a population of 50,000. In India it governed a territory of 380,000 square miles, a population of 60,000,000 and an army of 150,000 men. It was considered to represent a total capital, in stocks, land and buildings, docks, vessels, and the private means of its 2,000 shareholders and of all its employees, of £21,000,000.<sup>2</sup> In the economic conditions of the time the existence of the East India Company constituted a glaring anomaly.

The Company's charter expired at the beginning of 1814. Ever since 1808 negotiations had been in progress between the Court of Directors and the President of the Board of Control to settle the conditions under which the contract should be renewed between the Company and the nation. The Company's political rights were not even the object of serious discussion. Had the Government attempted to exercise a more direct control over the administration of British India, the Opposition would have protested against this dangerous increase of the patronage and influence of the Crown. But, on the other hand, public opinion demanded the abolition of the economic monopoly. This was actually effected in 1813, after eighteen months of heated debate. The Company still retained the monopoly of navigation and trading with China. But trade with India was thrown open to the merchants and shipowners of every British port.

<sup>1</sup> 33 Geo. III, cap. 52.

<sup>2</sup> *Quarterly Review*, December 1812, Art. 1, papers respecting the E.I. Company's charter (vol. viii. p. 245).

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It would, however, be untrue to say without considerable reservations that the entire business world was in arms against the sole surviving trading company. The East India Company had managed to create a group of supporters among the merchants. To grant to all the British ports the right to trade with India was to deprive not only the Company but the Port of London of the monopoly of commerce with the East. The London merchants, therefore, sided with the Company, and we find Alexander Baring in 1813 defending the Company's monopoly as zealously as he had denounced the Orders in Council the year before. The opposing forces were, on the one side, these kings of British commerce, who lived in London and prided themselves on their culture, their connexions with the gentry and their respectability of long-standing; on the other side, the *nouveaux riches* of the North and Midlands, of whom only a mere handful were beginning to make their way into the ranks of good society, a rabble of upstarts, as the Londoners were pleased to consider them, without commercial morality, without traditions and without manners. The old mercantile society of London was defeated by a combination of interests whose power was perhaps now realized for the first time. Their opponents had, moreover, won their victory under the banner of novel principles, which since 1792 had never been explicitly avowed.

The revocation in 1812 of the Orders in Council had sought the resumption of normal economic relations with a foreign nation whose attitude threatened war. Military as well as commercial interests had been involved. Had the advocates of commercial freedom invoked too openly the doctrines laid down by Adam Smith in his *Wealth of Nations*, they would have been denounced as unpatriotic cosmopolitans, and would thus have endangered the success of their cause. No difficulty of this sort existed in 1813. When the East India Company's monopoly came up for discussion, the question concerned Englishmen alone. Hence the debates assumed an entirely different tone. The opponents of the monopoly openly adopted the language of the new school of

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political economy, and demanded the recognition of their right to an open trade, an unlimited trade, a "free trade" with the British possessions in India:<sup>1</sup> the natural state of things was free trade."<sup>2</sup> This was the first appearance of a formula destined in a few years' time to become, in a somewhat wider acceptance, a popular catchword. The public discussion in 1813 of the renewal of the East India Company's charter was the starting-point of that wide campaign in favour of the economic dogma of Free Trade which spread ever more and more rapidly in commercial and political circles.

The victors of 1813 suddenly found themselves in the following year thrown upon the defensive. Two good harvests in succession, and the renewed importation of foreign corn consequent upon the restoration of peace, had lowered the price of cereals. This was a source of rejoicing to the manufacturers; for they considered that the rate of wages and hence the cost of manufacture was determined by the price of bread, and it was therefore to the manufacturer's interest that bread should be cheap. But the landowners and farmers saw ruin staring them in the face, and demanded the imposition of higher duties to protect agriculture. It was in vain that the manufacturers organized an agitation even more powerful than the agitation of two years before against the Orders in Council. The Cabinet paid no heed to it and brought in a Bill in conformity with the demands of the agriculturists. It was in vain that the manufacturers

<sup>1</sup> See the text of the petitions presented to the House between March 19 and July 1, 1812 (*Parl. Deb.*, vol. xxii. pp. 89-90 sqq.).

<sup>2</sup> H. of C., June 3, 1813, Th. Courtenay's speech (*Parl. Deb.*, vol. xxvi. p. 543). See also p. 462 (Geo. Phillip's speech), pp. 516-17 (Richard's speech), p. 683 (Sir John Newport's speech), p. 695 (Canning's speech); and H. of L., June 21st, p. 788 (Lord Lansdowne's speech), July 16th (Lord Lauderdale's speech). Several months later, during a discussion on a connected Bill, Lord Castlereagh himself, though narrow in his views and badly informed regarding industrial and commercial matters, began to speak the language of Adam Smith (H. of C., December 9, 1813, discussion of the East India Circuitous Trade Bill, *Parl. Deb.*, vol. xxvi. pp. 272-3).



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invited the populace to riot. In spite of rioting the Bill became law. The defeat of the manufacturers was unquestionable. We submit, nevertheless, that the defeat actually helped forward the cause of Free Trade.

The debates on the Corn Bill compelled the manufacturers to reconsider their own position. "Why," urged the agriculturists, "would you prevent us protecting ourselves against foreign competition? Are you not protected yourselves?" British industry had, indeed, grown up during the past two centuries under a system of strict protection. Merchant shipping was subject to the Navigation Acts which only permitted the import of foreign goods on ships of the country from which they came or on English ships, built in England and manned by a crew three-quarters English. If the goods were imported on ships of their own country they paid higher duties. During the war the Navigation Acts had been applied with greater laxity. Nevertheless, they remained on the Statute Book, and it was only in 1814 and 1815 that their provisions were slightly relaxed in the case of the Indian and American trade.<sup>1</sup> The recruitment of English labour for works abroad or the export of machinery were offences punishable with heavy penalties. Moreover, additional legislation on these points had been placed from time to time on the Statute Book, as new industries had arisen.<sup>2</sup> The import duties imposed by Pitt's great Consolidation Act of 1787 had been increased in 1797, 1798 and 1803.<sup>3</sup> In 1809 the duty on merchandise of a kind not specified particularly elsewhere, and wholly or partially manufactured, had been raised to 37½ per cent., with a special war duty in addition, amounting to a third of the permanent duties.<sup>4</sup> In 1813 the permanent duties were increased by a quarter

<sup>1</sup> 53 Geo. III, cap. 155; 54 Geo. III, cap. 35, 134. See H. of C., December 9, 1813 (*Parl. Deb.*, vol. xxvii. pp. 268 sqq.); also the treaty of peace with the United States, 1815.

<sup>2</sup> 22 Geo. III, cap. 60 (calico, cotton, muslin); 25 Geo. III, cap. 67 (metal-working).

<sup>3</sup> 7 Geo. III, cap. 15; 38 Geo. III, cap. 76; 43 Geo. III, cap. 68 (Consolidating Act).

<sup>4</sup> 49 Geo. III, cap. 98 (Consolidating Act).

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on all imports; by two-thirds, while the war should last, on all goods coming from France or countries under French supremacy.<sup>1</sup> Iron paid a duty of £7 18s. 4d. a ton, tin a duty of £114. The duty on earthenware exceeded 79 per cent., on cotton goods it amounted to 85 per cent., on cloth to 90 per cent., and on glass to 114 per cent. The importation of silk was absolutely prohibited. If the manufacturers wished to escape from the force of this *ad hominem* argument of the agriculturists, they had to be prepared to give up the benefit of these duties.

But there was really no reason why they should not do so. For many years past the agriculturists had enjoyed under a system of low duties a most effective protection, thanks to the difficulties of importation in time of war. The manufacturers, on the other hand, had built around manufactures a lofty and skilfully constructed tariff wall, which had proved totally unnecessary. The preeminence of England in manufacture was too great. Goods of foreign origin were simply unable to compete in England with the home-made articles. The manufacturers would surely be well advised to set the example of free trade by the abolition of duties in the vast majority of cases perfectly useless, even at the risk of sacrificing a small number of industries in a weaker position. Prudence equally dictated the abolition of certain duties whose sole purpose was to produce revenue. The duties, for instance, on French wine were very heavy, and had been made still heavier in 1815; but in so far as the French were prevented from selling their wines in England, they were prevented from buying British cotton and woollen goods. The petitions of 1814 and the riots of 1815 proved that on the question of Free Trade the manufacturers had working-class opinion on their side, despite the conflict of interests between employers and employed, and could therefore organize against a small group of agriculturists a large popular Opposition party truly representative of the will of the nation. The hour of triumph for Free Trade had not yet come, but it was drawing near. Cobbett and Burdett, at once landowners

<sup>1</sup> 53 Geo. III, cap. 33.

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and demagogues, tried in vain to stem the rising tide which swept them before it. In February Ricardo published his *Essay on the Influence of a low Price of Corn on the Profits of Stock*," to demonstrate, as the title proceeds to tell us, "the Inexpediency of Restrictions on Importations." In him the Free Traders had found the classical exponent of their doctrines.

### *The Disorganization of Labour. The Combination Act.*

We have seen that in the new class of employers there was a total lack of organization or even of the desire for organization. When the leading manufacturers acted in concert it was not to demand measures of protection, but, on the contrary, the removal of all legal restraints upon their absolute freedom to contest among themselves the markets of the world. They demanded the reduction of tariffs and the abolition of monopolies. They also demanded the prohibition of workmen's unions and the repeal of statutes regulating the conditions of labour in the interest of the worker. On these two last points they obtained satisfaction, with the result that the disorganization of labour corresponded to the disorganization of the employers. There was, however, this important difference—that the disorganization of the employers was the deliberate choice of the employers themselves, whereas the disorganization of labour was forced on the workmen against their will. It was in part the work of the employers and the legislature, in part the inevitable result of circumstances.

The progress of the system of wage-labour, and the opposition which was becoming ever more and more acute between Capital and Labour, tended to increase the number of associations formed by the workmen to defend themselves against their masters' exactions. Throughout the whole of the 18th century these associations had been the object of a series of prohibitory statutes. An Act of 1749 prohibited workmen's unions in all branches of the textile industry

enumerated severally, in the principal departments of metal-working, in the manufacture of felt and hats, and in certain other specified industries.<sup>1</sup> In 1799, when a Member of Parliament brought in a Bill to prohibit combinations in a particular industry, Wilberforce intervened to demand a general statute applying to any and every combination of workmen.<sup>2</sup> The war, the financial crises, the rise in the price of food, the revolt of the workers against machinery, and of the sailors against discipline, the Irish rebellion, all combined to fill the ruling classes with alarm. It was in 1799 that the statute was passed prohibiting political associations. The moment was, therefore, favourable. Wilberforce was at once the mouthpiece of the party of order and of the business world. Within a month the Bill for which he asked had been introduced,<sup>3</sup> passed, and had received the royal sanction.<sup>4</sup>

In 1800, as the result of a motion by Gascoyne, supported by Sheridan, a second Act amended and to a certain extent relaxed the first.<sup>5</sup> The Act of 1800 extended to combinations of employers the penalties enacted by the Act of 1799 against combinations of workmen. It forbade any magistrate, who as an employer had a direct interest in the struggle, to take part as a magistrate in enforcing the Act. It organized an entire system of compulsory arbitration by the magistrates in contests between employers and workmen. But despite these modifications, introduced in deference to Opposition criticisms, the spirit of the new Act was identical with that of the Act of 1799. It remained a criminal offence for workmen to form a combination with the object of securing an

<sup>1</sup> 22 Geo. II, cap. 27. See a summary of the Act in Held, *Zwei Bücher* . . . p. 560.

<sup>2</sup> H. of C., April 9, 1799. Sir John Anderson's motion (*Parl. Reg.*, vol. lxx. p. 323).

<sup>3</sup> Who introduced the Bill does not clearly appear from the account given in the *Parliamentary Register*. Certainly not Pitt. (H. of C., June 30, 1800, vol. lxxiv. p. 219.) Perhaps it was introduced by Wilberforce, but more probably by one of the Ministers.

<sup>4</sup> July 12th. 39 Geo III., cap. 81.

<sup>5</sup> 39 and 40 Geo. III, cap. 106. Another Act (41 Geo. III, cap. 38) is without significance; it merely corrected one or two mistakes in the drafting of the former Act.

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improvement in the conditions of their labour, of compelling the choice of certain workmen in preference to certain others, or of exercising any sort of control over the management of a business enterprise. It was a criminal offence to attempt to take a man from his work by bribery, persuasion, solicitation, intimidation or any other means whatever. It was a criminal offence to take part in a meeting, or to collect funds on behalf of any of the above-mentioned purposes. Three months' imprisonment with two months' hard labour, was the penalty prescribed. Any money illegally collected was liable to confiscation—half being forfeit to the Treasury, half to the informer. Nor was this enough. Despite the criticism raised by Hobhouse and Lord Holland,<sup>1</sup> a summary process was instituted to punish breaches of the Act. One single magistrate by himself received power to condemn and

<sup>1</sup> For the Opposition criticisms see (a) on the first Bill, H. of C., June 26, 1799 (*Parliamentary Register*, vol. lxxi. p. 65; H. of C., July 9, 1799, *Parliamentary Register*, vol. lxxi. pp. 562 sqq.), cf. *Journal of Lady Holland*, vol. ii. pp. 101-2. (b) On the second Bill, H. of C., June 13 and 30, July 22, 1800 (*Parliamentary Register*, vol. lxxiv. pp. 110 sqq., 218 sqq., 459 sqq.). No mention of these debates is to be found in Cobbett's *Parliamentary History*. Stephen was therefore correct in his assertion (*History of Criminal Law*, vol. iii. p. 208) that "in the *Parliamentary History* for 1799 and 1800 there is no account of any debate on these Acts." We receive, nevertheless, a false impression when we read into his pages or learn on his authority in Mr. and Mrs. Webb's *History of Trade Unionism* (p. 63 n.) that the two Combination Acts were not discussed in Parliament. This mistake is probably the source of the all too frequent misstatements about the legislation of 1799-1800. Mr. George Howell (*Labour Leaders and Labour Movements*, p. 23) tells us that the Act of 1800 was an aggravation of the Act of 1799, whereas the exact contrary is the truth. Mr. Dicey (*Law and Opinion in England*, p. 99) writes: "The men who passed the great Combination Acts were not despots. . . . The Parliament of 1800 . . . contained among its members Fox." But in reality Fox and the entire body of his followers vigorously opposed the new legislation. So ran the note to our first edition, 1913. We think it may be interesting to let it stand as it was; but Mr. and Mrs. Hammond, following our lines, have since told the same story, only more fully (*The Town Labourer*, 1760-1832, 1918, pp. 123 sqq.); and Mr. and Mrs. Webb have accordingly modified the sentence here quoted (*History of Trade Unionism*, revised ed., 1920, pp. 69 sqq.).



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sentence offenders. The power of appeal to Quarter Sessions was a mere farce; for the appellant had to deposit £20 as caution money, and no workman possessed £20 to deposit.

Such was the nature of the Act to whose provisions labour was subject for fifteen years. We must now inquire how it was applied in practice. The British Government possessed no efficient police, and therefore had scant weapons at its disposal to repress breaches of the law. The employers asked the Government to take the initiative in prosecuting illegal combinations, but the Attorney-General refused. They, on the other hand, were loath to take the first step, as this would provoke reprisals on the part of the workmen, who would combine to cease working—the very thing the employers were most anxious to prevent.<sup>1</sup> The workmen's combinations, therefore, were not prosecuted systematically. The employers waited till a strike occurred (the term "strike" was coming into use at this period).<sup>2</sup> Then they did not spare severity. The strike leaders were imprisoned and the funds confiscated. But in ordinary times the workmen's combinations were tolerated, and in some exceptional cases the toleration was open and quasi-legal.

An instance of this was the foundation in 1803 at Leeds of the *Clothiers' Community*, a body governed by an elected committee which claimed to limit the number of apprentices, and collected funds for the relief of sick members and the widows of deceased members. A parliamentary commission

<sup>1</sup> For the difficulties of applying the Act of 1800, see a letter from Perceval, then Attorney-General, to Lord Hawkesbury (the future Lord Liverpool), October 5, 1804 (Yonge, *Life of Lord Liverpool*, vol. i. pp. 166 sqq.). Cf. John Blackner, *History of Nottingham*, p. 235.

<sup>2</sup> In 1797 Eden (*State of the Poor*, vol. i. p. 382) found it necessary to explain the term to his readers: "A paper-maker . . . entered into a combination with his fellow workmen to 'strike,' as it is called, or leave off working." We find the word still written in italics in a cutting from a newspaper of November 1810, which is to be found among F. Place's papers (Add. Brit. Mus., 27, 799, f. 93, 4). The usual expression was "to turn out" (*Report . . . on the Woollen Manufacture*, 1806, *Minutes of Evidence*, p. 369). *Minutes of Evidence on the Calico Printers' Petition*, 1804, pp. 7, 8, 17.

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appointed in 1806 to investigate the conditions of labour in the woollen industry, never entertained a serious thought of disputing the legality of this association.<sup>1</sup> Here we are dealing with one of those industries in which the transformation of the system of production was still far from complete. Domestic labour still continued side by side with factory labour. The workmen's combinations still possessed somewhat of the character of guilds, while already possessing certain of the characteristics of a trade union. They contained both employers and men, who agreed in an effort to uphold the old industrial system against the factory system. This made it difficult to regard them as illegal combinations in the sense of the Act of 1800.<sup>2</sup> Similarly in the silk industry at Spitalfields near the City, the workmen on the one hand, and the employers on the other, constituted respectively two associations which collected funds, elected officers, and assumed the discussion of all questions respecting the prices which according to law were to be fixed by the magistrates. Both societies were illegal, and both would have been suppressed had any complaint been made. But because the employers and the men were in agreement no complaint was made, and the system of collective contract prevailed at Spitalfields, as a matter of public knowledge and with the toleration of the law.<sup>3</sup>

The law itself left open to the workmen a means of securing their funds from danger of confiscation. They could have their associations registered as friendly societies.<sup>4</sup> The

<sup>1</sup> Report . . . on . . . *Woollen Manufactories*, 1806, pp. 16 sqq., also *Minutes of Evidence*, p. 40: "Are you aware of the existence of any law which authorizes the seizure of funds belonging to such societies?—No, I am not aware of it. Are you not aware that by the Combination Act, passed in 1799, these funds become tangible if kept together after a certain period?—I do not consider it as a combination; I do not know that I ever read the Combination Act in my life."

<sup>2</sup> S. and B. Webb, *History of Trade Unionism*, p. 58.

<sup>3</sup> Brentano, *History and Developments of Gilds, and Origin of Trade Unions*, pp. 126-7.

<sup>4</sup> *Parliamentary Register*, vol. xv. p. 162, *Report of the Committee of the House of Lords*. Also H. of C., July 21, 1812, Hume's speech (*Parl. Deb.*, vol. xxiii. pp. 1176-7).

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oldest friendly societies dated from the beginning of the 18th century, but they had only become numerous during the last sixty years. Certain statistics drawn up in 1803 enumerate 9,672 societies with a total membership of 704,350.<sup>1</sup> The governing classes beheld them with mixed feelings, with anxiety but also with sympathy. The village inn was usually the headquarters of the friendly society, and it was also at the inn that unemployed workmen in search of a job found lodging.<sup>2</sup> The publican acted as treasurer, and the members of the society paid into his hands a weekly subscription of twopence or threepence. In case of illness they received six or seven shillings a week relief. Once a month, sometimes once a week, the societies held a meeting, when they played games and drank far into the night. What might not pass, what language might not be held at the banquets which formed part of the compulsory rites of a friendly society? What was a friendly society but a popular club, likely, during a time of political agitation, to become a centre of "Jacobin" propaganda? But on the other hand the relief, distributed by these societies, reduced the number of paupers thrown upon the parish, and in this way prevented the poor rates from becoming too heavy a burden on the ratepayers. How to keep these advantages, while guarding against the danger of revolution, was the problem which Cabinet and Parliament tried in vain for thirty years to resolve. To compete with the friendly societies other societies were founded, called Savings Banks, which were managed by aristocratic committees of patronage.<sup>3</sup> But they met with very indifferent success.<sup>4</sup> Unavailing attempts were made to place the friendly societies under Government control. The Act of 1793,<sup>5</sup>

<sup>1</sup> P. Colquhoun, *A Treatise on Indigence* . . . 1806, p. 116.

<sup>2</sup> Eden, *State of the Poor*, vol. i. p. 545 n.

<sup>3</sup> George Rose, *Observations on Banks for Savings*, 1816. Cf. *Edinburgh Review*, June 1815, No. 49, Art. 6, *Parish or Savings Banks* (vol. xxv. pp. 135 sqq.).

<sup>4</sup> As is apparent from the *Report . . . on the Poor Laws*, 1817. See especially *Minutes of Evidence*, pp. 42, 52, 64, 71, 79.

<sup>5</sup> 33 Geo. III, cap. 54 (see a summary of this Act in Nicholls, *History of the English Poor Law*, vol. ii. pp. 116-17). Later

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the first legal recognition of friendly societies, which gave them the right to prosecute defaulting treasurers before the courts, also allowed them, if they desired it, to put themselves under the control of the magistrates, but it also expressly permitted them to refrain from so doing. The workmen were, therefore, at once protected and emancipated by this Act of 1793. They founded an ever-increasing number of nominal friendly societies, whose real purpose was to improve the conditions of labour.

We must not, however, exaggerate the opportunities offered to workmen by the friendly societies for the defence of their economic interests. The magistrates would always be disposed to apply to them the provisions of the Act of 1799 prohibiting any federation of political associations. The friendly societies would, therefore, be well advised, if they would safeguard their funds, to remain isolated one from another. But in that case any joint action by the workmen belonging to these societies would be rendered impossible and the organization of the working class would be broken up into a vast number of small and scattered fragments. It was, moreover, dangerous to attempt the utilization of a friendly society as a trade union for resisting the employers. So long as the members of a friendly society confined themselves to the administration of sick pay they kept clear of all conflict with the Law. But the moment the authorities suspected that they were helping unemployed members,<sup>1</sup> whose unemployment was demonstrably due to a strike, the funds were immediately confiscated.<sup>2</sup> We find, accordingly, that from 1800 onwards workmen's unions of a different type were founded. There was no subscription, either compulsory or voluntary, to a common fund. Every member received a ticket, and at any place in the United Kingdom

statutes, 35 Geo. III, cap. 111; 43 Geo. III, cap. 111; 49 Geo. III, cap. 145.

<sup>1</sup> *Minutes of Evidence . . . respecting Laws relating to Woollen Trade*, 1803, pp. 23, 27, 227.

<sup>2</sup> See Gascoyne's criticisms, H. of C., June 30, 1800 (*Parliamentary Register*, vol. lxxiv. p. 221).

he was entitled, on the presentation of his ticket, to receive a definitely fixed payment from his fellows. The trial at Edinburgh in January 1815 of four calico printers revealed the existence in that industry of such an association.<sup>1</sup> A local newspaper, the *Glasgow Herald*, denounced the organization as "more a case of sedition than combination, and, in fact, an attempt made by the journeymen calico printers in the three kingdoms to form a sort of Parliament of their own, and by that means to dictate the price of labour."<sup>2</sup> Associations of this nature were the more dangerous to public order, because they were free from financial considerations of any kind, neither having nor desiring to have any accumulated funds. They were not even organized in view of a strike, a demonstration on the whole peaceable, and during which the workmen need a reserve fund on which to subsist. They were rather organized for violent demonstration, for intimidation by armed force, for the destruction of looms and machinery.

*The Luddite Rising. The Repeal of the Statute of Elizabeth.*

The Luddite outbreaks of 1812 were the development of a form of revolutionary association directly caused by an oppressive legal code aggravated by new legislation equally oppressive. This popular rising occasioned at the time diverse opinions as to its causes. The journalists and speakers who supported the Government hinted that the rising bore a political character, that the rebels dreamt of a restoration of the Cromwellian republic, and that the outbreak had its instigators in high position.<sup>3</sup> These insinuations were scarcely

<sup>1</sup> The society was already in existence in 1804. See *Minutes of Evidence on the Calico Printers' Petition*, 1804, pp. 7-8, 18.

<sup>2</sup> Quoted in *The Times* for January 10, 1815.

<sup>3</sup> *Nottingham Journal*, July 11, September 12, 1812; *Leeds Mercury*, September 19, 1812; *Report of the Committee of Secrecy*, July 8, 1812 (*Parl. Deb.*, vol. xxiii. p. 954); H. of C., July 10, 1812, Wilberforce's speech (*Parl. Deb.*, vol. xxiii. p. 978). Cf. *Quarterly Review*, vol. xv. pp. 569-70 (July 1816), and vol. xvi. p. 257 (October 1816).



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serious and often insincere. As far as Nottinghamshire was concerned their object was apparently to injure the position of the Lord-Lieutenant, Lord Fitzwilliam, who belonged to the Opposition.<sup>1</sup> As a matter of fact the aristocratic leaders of the Whig Party had been the first to take alarm for the safety of their properties. In 1812 the rumour spread that Lord Derby's seat in Lancashire and the Duke of Devonshire's seat in Derbyshire had been burnt.<sup>2</sup> The ministerialists also charged the manufacturers with inciting the working classes to riot in order to intimidate the Cabinet into abolishing the Orders in Council. This was an equally absurd accusation. It was against the manufacturers that the rioting was immediately directed, and, if they redoubled their exertions to obtain markets abroad, it was in the hope that, by alleviating the widespread destitution, they might avert the urgent danger which threatened their private houses and factories. The Luddite rising was the rising of a class, due exclusively to economic causes, to questions of wages and labour organization.

For a whole year, from March 1811 till the second half of January 1812, the movement was confined to Nottinghamshire, where the glutting of the market by the cheap manufacture of articles of an inferior quality had lowered wages and reduced 50,000 families to starvation.<sup>3</sup> In this county a secret society was formed, concerning which, in the absence of official documents, we can only gather scattered scraps of information and doubtful rumours. Irish immigrants were plentiful in the manufacturing districts of the North;<sup>4</sup> and a military organization was there discernible, probably copied from the United Irishmen of 1799. Its object was the destruction of frames, which was accomplished in accordance

<sup>1</sup> *Leeds Mercury*, May 18, 1812.

<sup>2</sup> Thomas Grenville's letter to Lord Buckingham, March 14, 1812 (*Court of England under the Prince Regent*, vol. i. p. 294). *Leeds Mercury*, quotation in the *Star*, May 18, 1812.

<sup>3</sup> *Examiner*, September 20, 1812, *History of the Luddites*. Felkin, *Hosiery and Lace*, pp. 230 sqq.

<sup>4</sup> For these Irish influences see *Nottingham Journal*, May 16, 1812. Cf. H. of C., July 10, 1812, Wilberforce's speech (*Parl. Deb.*, vol. xxiii. pp. 977-8).

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with a general plan.<sup>1</sup> Four companies divided among them, in 1811, four districts of the county. Frames would be smashed systematically on the same night at a distance of twelve miles one from another. Operations were controlled by a rigid discipline. An eyewitness has depicted the insurgent forces walking in groups of not more than fifty, some keeping guard armed with swords, pistols and guns, others entrusted with the actual destruction of the frames, armed with axes and hammers. Immediately the task of destruction was accomplished, the leader of the band called over the names, every man being designated and called by a number. Then, on the firing of a pistol, the band dispersed, and the authorities never succeeded in discovering the culprits. The smashing of frames was no novelty in the district, and for a long time past the proverbial expression had been current that when frames were destroyed, "Ned Ludd had passed that way." A rumour grew up in consequence that the movement was directed by a mythical personage "King Ludd" or "General Ludd," and it would appear that several of the leaders of bands adopted that name.<sup>2</sup>

In February 1812, the Cabinet decided to take action. Over 3,000 troops had already been assembled at Nottingham. Two Acts were passed—one making the destruction of knitting frames a capital offence,<sup>3</sup> the other conferring on the magistrates of the county exceptionally wide police powers.<sup>4</sup> But at this very moment the troubles spread to the woollen district in the West Riding of Yorkshire, to the cotton district of Lancashire and Cheshire, and even reached the Lowlands of Scotland, where a general strike broke out among the weavers.<sup>5</sup> Everywhere the working classes were

<sup>1</sup> Felkin, *Hosiery and Lace*, pp. 231-2.

<sup>2</sup> *Leeds Mercury*, May 9, 1812, August 22, 1812. Felkin, *Lace and Hosiery*, p. 231.

<sup>3</sup> 52 Geo. III, cap. 16 (deportation had been the penalty prescribed by a former Act, 28 Geo. III, cap. 16). By the end of 1813 order had been sufficiently restored for the passage of a new Act replacing the death penalty by deportation (54 Geo. III, cap. 42).

<sup>4</sup> 52 Geo. III, cap. 17. A temporary Act to expire on March 1, 1814.

<sup>5</sup> S. and B. Webb, *History of Trade Unionism*, p. 52.

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suffering from the same evil, and the crisis of over-production was universal. The ruling classes were stricken with panic. A rumour spread that there existed a huge conspiracy, reaching from Glasgow to London, and controlled by the same leaders, whose object was first to stir up a rebellion in the North which would draw off the troops of the capital, and then, as soon as London was left without a garrison, to give the signal for a general rebellion throughout the entire kingdom.<sup>1</sup> Napoleon was making preparations to invade Russia, war with America was imminent, the Prime Minister had been assassinated, and the news of his death had been greeted with demonstrations of popular rejoicing. Southey, who was engaged on an article upon the French Revolution for the *Quarterly Review*, confided to a correspondent his opinion that the subject was "most mournfully well timed. At this moment nothing but the Army preserves us from the most dreadful of all calamities, an insurrection of the poor against the rich, and how long the Army may be depended upon is a question which I scarcely dare to ask myself."<sup>2</sup> "You are quite right in apprehending a Jacquerie," wrote Walter Scott to Southey, "the country is mined below our feet."<sup>3</sup> Once more the Cabinet sought from Parliament new weapons for the repression of the riots, now becoming general, and obtained in July an Act "for the preservation of the public peace in certain disturbed counties in England."<sup>4</sup>

In reality, however, civil war, chronic in England, had lost its more atrocious features. The extraordinary horror, aroused towards the end of April by the isolated assassination near Huddersfield of a manufacturer named Horsfall, proves how free from bloodshed the outbreaks of 1812 had on the

<sup>1</sup> Pellew, *Life of Lord Sidmouth*, vol. iii. p. 84, letter from Major Seale to Lord Sidmouth, June 30, 1812. *Court of England under the Prince Regent*, vol. i, pp. 284-5, W. H. Fremantle's letter to the Marquis of Buckingham, May 2, 1812.

<sup>2</sup> Smiles, *Memoir of John Murray*, vol. i. p. 202, letter from Southey to Murray, May 19, 1812.

<sup>3</sup> Lockart, *Life of Sir Walter Scott*, vol. iii. pp. 352-3, letter from Scott to Southey, June 4, 1812.

<sup>4</sup> 52 Geo. III, cap. 162.

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whole been. By January 1813, when the judges, in virtue of a special commission, passed their last sentences on the Yorkshire rioters, order may be regarded as universally restored. Napoleon had evacuated Russia, markets had been found for British industry, and the price of corn had fallen. It is the recovery of employment, rather than the measures of repression, which explains the cessation of the disturbances which had all along been due simply to hunger. Nevertheless, the great manufacturers were anxious, now that the disturbances were over, to strengthen their position for the future. They wished to win a last crowning victory over the workmen's associations.

The discontented artisans of Nottinghamshire, at the same time that they were organizing a conspiracy for the destruction of frames, had addressed a petition to Parliament in which they demanded, since the old corporate regulations had fallen into disuse, legal intervention to protect both themselves and the public against fraud and bad work. They asked for a statute guaranteeing to the workers the correct measurement of work done, forbidding payments in kind, and compelling the employers either to pay a legally fixed wage or at least to advertise publicly the wages offered, that any unfair bargaining might be rendered impossible.<sup>1</sup> Nothing could have been more regular than this action of theirs, nothing more in conformity with the spirit of industrial legislation of the 18th century. The State forbade workmen to form combinations, but intervened, on the other hand, as an impartial arbiter, between employers and employed, and regulated their relations. Indeed, the reason why the State was opposed to the formation of workmen's combinations was not because their objects were regarded as, in themselves, unlawful, but because in thus attempting to obtain justice for themselves the workmen were considered

<sup>1</sup> *Report from the Committee on the Framework Knitters' Petitions*, 1812, pp. 5 sqq.

<sup>2</sup> The Act of 1799 seems at first sight an exception to this rule, since it forbade combinations without providing for arbitration. But, as we saw above, this omission was supplied the following

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to be usurping the functions proper to the State.<sup>2</sup> Furthermore, there were a certain number of old statutes which had never been repealed. Among these was the celebrated Statute of Elizabeth, an enormous code of labour legislation in forty-eight articles, which fixed the length of apprenticeship and provided for the fixing of wages by the magistrates. The workmen had, therefore, no need to demand, like the Nottinghamshire hosiers in 1812, a new statute for their protection. They used frequently to club together and pay a lawyer to prosecute employers for a breach of the provisions of the old statute. The Act of 1800 gave the great manufacturers no handle against these temporary associations whose object was so strictly legal. In the contest between themselves and their men they were in a false position. The workmen were obeying the law; the employers were the revolutionaries.

But just because it was a period of revolution circumstances favoured them. The introduction of new mechanical processes was overturning daily in every workshop and factory the order of rank and importance which obtained formerly among the various operations of any manufacture. In such conditions it was impossible to fix a definite scale of wages. The magistrates were simply incompetent to estimate the alterations which must of necessity be made in such a scale from day to day. The new machinery suddenly simplified certain processes which had required special skill, and substituted unskilled for skilled labour. It was out of the question to enforce the seven years' apprenticeship prescribed by the statute, when the use of a frame or loom could be learnt in a year or two, sometimes even in a month or two. It was equally out of the question to enforce the limitation in the number of apprentices imposed by certain provisions of the statute, now that one skilled workman, assisted by a large number of children, sufficed to accomplish a task which had formerly demanded several adults. It may be admitted that the workmen's combinations had been in

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year in deference to the criticisms of the Opposition (H. of C., July 22, 1800, *Parliamentary Register*, vol. lxxiv. pp. 459 sqq.).



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some cases rendered impossible by judicial prosecutions, but on the whole it is truer to say that they had been rendered impotent by the rapid transformation of the methods of manufacture.

At the very time that a few philanthropic employers were laying the foundations of a new code of legislation, adapted to the conditions of the new factories, the old legislation regarding labour was on its deathbed. The magistrates often refused to apply it. It was the boast of the lawyers that there was not a single statute through which they could not drive a coach-and-six.<sup>1</sup> Sometimes defeated employers refused to obey the injunctions of the Bench; and the magistrates did not possess the necessary powers to enforce obedience to their decisions. Moreover, the Statute of Elizabeth applied to England alone, and neither to Ireland nor to Scotland, which had become so important a manufacturing centre. Nor did it apply to the women who were employed in such multitudes in the factories. It had been legally decided that it did not apply to any industry which could be proved not to have existed at the time when the statute was passed.<sup>2</sup> The statute had thus been rendered practically inoperative, and from the close of the 18th century its repeal had been expected as the recognition of an accomplished fact. From 1800 onwards all petitions sent up by associations of workmen to demand new regulations—such as those of the calico printers in 1804, and the cotton weavers in 1808, 1809 and 1811—had been rejected. In 1802 the clothmakers committed the imprudence of petitioning for the enforcement of the old regulations. The only result was a temporary Act passed in 1803, and made perpetual in 1809, repealing the Statute

<sup>1</sup> *Report on Petitions of Several Weavers*, 1811, *Minutes of Evidence*, p. 18. For the failure to apply the statutes protecting labour in the hoisery trade (as regards payment in kind), see *Report . . . on Petitions of Framework Knitters*, 1812, pp. 5-6, and *Minutes of Evidence*, p. 32. In the cotton manufacture (Arbitration Act of 1808), see *Report . . . on Cotton Weavers' Petition*, 1808, p. 23.

<sup>2</sup> For all these anomalies, see H. of C., April 27, 1814 (*Parl. Deb.*, vol. xxvii. pp. 563 sqq.).

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of Apprenticeship so far as concerned the woollen manufacture.<sup>1</sup> Then came the disturbances of 1811 and 1812. The House of Commons, while passing special legislation to repress the rising, also adopted, to give some satisfaction to the malcontents, a Bill regulating the conditions of labour in the manufacture of hosiery.<sup>2</sup> But the Bill was thrown out by the Lords and abandoned by the Commons. This was the last occasion on which Parliament attempted anything of the kind. In 1813 an Act was passed repealing those sections of the Elizabethan statute which gave the magistrates power to fix wages.<sup>3</sup> Another Act, passed the following year, repealed the articles regulating apprenticeship.<sup>4</sup>

It was in vain that the workmen sent up petition after petition against the repeal of the old legislation. While the supporters of free commerce were triumphing in the repeal of the Orders in Council and the abolition of the East India Company's monopoly, the supporters of free industry won an equal triumph by the repeal of the Statute of Elizabeth, which they maintained to be contrary to the natural rights of man.<sup>5</sup> It was a triumph by no means making for social peace. The workmen, deprived first of their right of association and then of their legal right to State protection, were driven to the formation of secret societies, to conspiracy and to riot. It is true that the Luddite disturbances had subsided, and that employers and men alike took part in the rising of 1815; but two years were not to elapse before a renewal of Luddite outrages. Never before had the existence of workmen's associations in England been so precarious; never had their character been so revolutionary.

<sup>1</sup> 43 Geo. III, cap. 136; 49 Geo. III, cap. 109.

<sup>2</sup> See, in the course of the debates in the House, Hume's characteristic protests, based on what he held to be axioms of sound political science, approved by the most competent economists (H. of C., July 21, 1812, *Parl. Deb.*, vol. xxiii. pp. 1162 sqq.).

<sup>3</sup> 53 Geo. III, cap. 40.

<sup>4</sup> 54 Geo. III, cap. 96.

<sup>5</sup> Lord Mansfield's opinion quoted by Thompson, H. of C., May 13, 1814 (*Parl. Deb.*, vol. xxvii. p. 881).



## CHAPTER III

### CREDIT AND TAXATION

#### BANKS AND FINANCIAL CRISES

*The Bankers of London and of the Provinces. The Bank of England.*

THE entire edifice of the new economic system was based on the ability of every head of a manufacturing enterprise to run the risk of temporary crises, to turn out every year a larger quantity of goods than he had turned out the year before, and to increase every year the numbers and demands of his clientèle by forcing the supply of the articles which he produced. Moreover, in his efforts to force the rate of production, the manufacturer was not confined to the use of the capital which he actually possessed. As a matter of course he borrowed regularly. He therefore needed the services of a banker to advance him the necessary sums. And a vast banking system, already over a century old, regulated, or should have regulated, the industrial organization of the country.

On the outer edge of the system were the country banks, whose numbers Adam Smith had already considered excessive, but which had multiplied still further during the period following the War of American Independence. A merchant, a manufacturer or a shopkeeper would begin by merely dabbling in finance, accepting deposits and discounting bills of exchange. His sole stipulation was that he need not return deposits immediately. In the meanwhile he used them to discount bills. Very soon he would discover that this class of business demanded too much time to be compatible with other occupations, and he would then become a banker

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pure and simple—a specialist in the art of making payments and recovering debts on behalf of manufacturers and merchants, and endeavouring to render these proceedings as economical and as expeditious as possible.<sup>1</sup> Here, as in all other departments of English commerce, individualism reigned supreme. It would appear from some statistics of 1819 that out of twenty-eight or thirty joint stock companies engaged in banking in Scotland there were twenty whose shareholders were below fifteen in number, and some which only had two or three.<sup>2</sup> In England the foundation of joint stock banks was illegal, and the banks that were only too plentiful were private banks controlled by isolated individuals.<sup>3</sup> Despite the crises which compelled periodically the liquidation of a large number of banking houses, banks continued to multiply. There were 353 banks before the crisis of 1797, 386 in 1800.<sup>3</sup> In 1810, after a further crisis, the banks numbered 646,<sup>4</sup> and there were 761 in 1813 after a third crisis.<sup>5</sup> A further period of difficulty opened in 1814 and continued till 1817. Eighty-nine banks failed in the course of these

<sup>1</sup> For an account of the beginnings of banking, see Thornton, *Enquiry*, chap. vii. Cf. Sir William Forbes, *Memoirs of a Banking House*, 1860 (history of Coutt's bank at Edinburgh).

<sup>2</sup> *Appendix to Lords' Report on the Resumption of Cash Payments*, April 25, 1819, quoted in the *Edinburgh Review*, February 1826, No. 86, Art. 1, *Thoughts on Banking* (vol. xliiii. pp. 282-3).

<sup>3</sup> *An Account of the Number of Country Banks in England and Wales . . . distinguishing . . . the Number of Partners concerned in the Banks of Each County*, 1819.

In January 1811 there were 649 banks in which 1,947 persons had an interest.

In January 1812 there were 625 banks in which 1,812 persons had an interest.

In January 1813 there were 643 banks in which 1,967 persons had an interest.

In January 1814 there were 689 banks in which 2,069 persons had an interest.

In January 1815 there were 696 banks in which 2,164 persons had an interest.

<sup>4</sup> G. Chalmers, *Considerations on Commerce, Bullion and Coin*, ed. 1819, pp. 227 sqq. See his criticisms of the official figures.

<sup>5</sup> *An Account of the Number of Country Banks in England and Wales . . .* 1819.



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three years.<sup>1</sup> But past experience was calculated to inspire bankers with confidence. In spite of so many disasters the system went on constantly spreading.

The custom of accumulating gold and silver pieces at home was dying out in the country districts of England. The moment the coin had been received it was deposited in a bank, which found it ever easier, as commerce and manufactures developed, to obtain profitable investments for the money. In Scotland, where the law was more favourable to banks than in England, the system of cash accounts had become general.<sup>2</sup> The bank opened for a client a credit account for a certain sum—say £2,000 or £3,000—on the guarantee of two persons of known solvency. The Scottish banks had, moreover, acquired the reputation of affording their creditors exceptional facilities for repayment. In England this practice was unknown. At the most a few bankers were willing to make advances on a mortgage or on the security of capital sunk in a business.<sup>3</sup> It was by discounting bills that the banks supplied the capital necessary for the advancement of trade and manufacture. In Lancashire this method of business had been carried so far that bills drawn upon London at two or three months' date had replaced banknotes as the fiduciary currency employed in conducting important business transactions.<sup>4</sup> As bills of exchange came into general use coin became less necessary. The bankers began to realize that it was not necessary, in order to meet withdrawals of deposits, to keep a cash reserve equal to the amount deposited. What, then, prevented them from extending their clientèle, and increasing the circulation by discounting bills not in cash but in their own notes, in

<sup>1</sup> Twenty-seven in 1814, 25 in 1815, 37 in 1816. Marshall, *Digest*, vol. ii. p. 172; Pebrer, *Taxation*, p. 284.

<sup>2</sup> Hume, *Balance of Trade, Essays*, ed. Green and Grose, vol. i. pp. 239-40; Adam Smith, *Wealth of Nations*, Book II, chap. ii., ed. Thorold Rogers, vol. i. pp. 297-8.

<sup>3</sup> *Gold Bullion Committee, Minutes of Evidence*, p. 76. The majority of bankers disapproved of the practice.

<sup>4</sup> Thornton, *Inquiry*, pp. 43-4 n.; *Gold Bullion Committee, Minutes of Evidence*, p. 178.

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their own paper money, payable by them on demand? It was estimated that between the years 1810—1815 the private banks of the provinces issued notes to the value of some £20,000,000.<sup>1</sup> In 1810 one bank alone issued to its clients notes to the value of £70,000.<sup>2</sup> Bank of England notes were largely driven out of use by the paper issues of the private banks, and their circulation became confined to the district within a radius of fifty to sixty miles from London.<sup>3</sup> A little further from the capital than this the farmers and shopkeepers actually refused Bank of England notes, so unfamiliar was their appearance. We hear of half-guinea notes in 1802.<sup>4</sup> In 1810 Cobbett declared that he had seen notes for 7s.<sup>5</sup> Notes for such tiny sums served for almost every purpose of currency.

Having the control of credit, the bankers throughout England formed a very influential body. Cobbett used to reckon up the country seats, bought, to his knowledge, by these squires of a novel type—country rag merchants as he called them, as indeed they really were, seeing that they had acquired their wealth by flooding the country with paper money.<sup>6</sup> Besides possessing great influence, the bankers, despite the increase in their numbers, were as a class extremely

<sup>1</sup> *Edinburgh Review*, February 1826, No. 86, Art. 1, *Thoughts on Banking* (vol. xliii. pp. 272–3), gives the following figures taken from statistics compiled by Mr. Sedgwick, the Chairman of the Board of Stamps, from the number of stamps distributed among the country banks: 1810, £21,819,000; 1811, £21,453,000; 1812, £19,944,000; 1813, £22,597,000; 1814, £22,709,000; 1815, £19,011,000.

<sup>2</sup> *Gold Bullion Committee, Minutes of Evidence*, pp. 330–1.

<sup>3</sup> *Ibid.*, p. 165.

<sup>4</sup> *Utility of Country Banks considered*, 1802, pp. 33–4.

<sup>5</sup> *Political Register*, September 1, 1810 (*Paper against Gold*, letter i, vol. xviii. p. 262). These small notes, though tolerated by the authorities, were in strictness illegal, being contrary to a statute (15 Geo. III, cap. 51), which prohibited the issue in England of notes whose value was below £1.

<sup>6</sup> *Rural Rides*, November 5 and 23, 1821. November 23rd: "Hard by (Whitchurch) is a pretty park and house belonging to 'Squire' Portal, the *paper-maker*. The country people who, seldom want for sarcastic shrewdness, call it *Rag Hall*."

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respectable.<sup>1</sup> Although the English bankers, forming part of a system shaken by repeated crises, conducted a highly speculative business in which a huge fiduciary circulation rested upon a cash reserve of very small dimensions, they continued, notwithstanding, to take a position far above that occupied by traders and manufacturers.

They presided over the progress of the industries of the nation. It was their profession to pass judgment upon the credit of the businesses whose paper was brought to them for discount and to decide whether they would accept it, and so suffer the business in question to continue in existence, or refuse it and thus condemn that business to extinction. It was, moreover, easy for them, as part of their professional practice, to make opportune advances of cash to county families. It was by such methods that Mortlock, the Cambridge banker, had acquired great popularity and had made himself the most influential personage in the town. In return for electioneering services rendered to the Duke of Rutland's clique he had obtained lucrative posts under Government.<sup>2</sup> He had sat in one parliament. Gloucester, Newcastle-on-Tyne and Bristol returned local bankers as their representatives. At Ipswich Crickett, the banker, successfully opposed with Government support the aristocracy of the neighbourhood. At Rochester another banker, James Hulkes, triumphed over the influence of the Govern-

<sup>1</sup> *Gold Bullion Committee, Minutes of Evidence*, p. 214 (J. H. Tritton's evidence): "Can you state whether the new country banks are as respectable a class of people as the old ones?—I should consider that several of those which have lately been established consist of respectable persons." Cf. *Utility of Country Banks considered*, 1802, p. 44: "... Whilst the law protects, as it now does, the claims of the Country Bank Notes, and whilst gentlemen of great property and well-known integrity engage in these concerns. . . . The country is much indebted to gentlemen of large landed property for emerging from the indolence of their forefathers, and entering into the commercial concerns of a bank. They have given a degree of respectability to those undertakings, at the same time that they have added to the confidence and security of the people."

<sup>2</sup> Oldfield, *Representative History*, vol. ii. pp. 125-6. Cf. Grenning, *Reminiscences of Cambridge*, vol. i. pp. 139 sqq.

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ment. A seat in Parliament was by no means injurious to a banker's professional interests. He would take into partnership the clerk who had shown the greatest industry and honesty and would entrust the routine work to him. Meanwhile he was living at the centre whither the news of the entire world converged. If he made himself serviceable to the Cabinet, he would be rewarded by useful pieces of information and by financial services of all kinds.<sup>1</sup> In a large city such as Liverpool the banking interest assumed a different shape. The bankers and the merchants together constituted the aristocracy of a purely mercantile city, and were divided by a wide social gulf from the cotton manufacturers. Among them was Roscoe, who collected a magnificent library, wrote the history of Lorenzo de Medici, and entertained the chimerical dream of making Liverpool a modern Venice or Florence renowned at once for her commerce and for her culture. It would be an exaggeration to regard him as typical of his class. Nevertheless, he was the pride of his native city.<sup>2</sup>

The banks were like reservoirs into which flowed all the capital accumulated by saving, and from which it flowed out again to stimulate production anew. But some banks received more money than they could dispose of among their local clients. Others, on the contrary, found that the demand for cash exceeded the contents of their coffers. The banks of agricultural districts belonged to the former category. The agriculturists lent more than they borrowed, and the difficulty experienced by the landlords in collecting their rents was due in part to the farmers' and bailiffs' habit of keeping their money as long as possible at interest in the local banks.<sup>3</sup> Money left the agricultural districts of the

<sup>1</sup> Gisborne, *Duties of Man*, vol. ii. pp. 318-19.

<sup>2</sup> See the chapter on Roscoe in Washington Irving's *Sketch Book of Geoffrey Crayon*.

<sup>3</sup> See some reflexions on this matter by Lord Shelburne (*Life*, by Fitzmaurice, vol. ii. pp. 337-8): "To obviate this," concludes Lord Shelburne, "so far as regards your particular interest, it will be prudent on no account to receive or pay the notes of any country bank, but both to receive and pay in current coin."

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south-east and went to assist the development of the manufactures of Lancashire and Yorkshire. London served as a sort of natural balance to establish an equilibrium of supply and demand between the banks of the agricultural and those of the manufacturing districts.

The provincial bankers had begun by keeping paid agents in the capital. They had come, however, to realize that this was an unprofitable expense. For purposes of discount with other parts of the kingdom they made use of the independent banks which had been established in London to supply the local needs of the capital. They deposited, moreover, with the private banks of London their Government securities and investments of all kinds, which they were obliged to keep available for realization so as to be ready to meet demands for cash. The superior importance of London as compared with the provinces was the measure of the preeminence in dignity and influence of the sixty to seventy Lombard Street bankers who controlled the financial organization of the nation as compared with the thousand or so country bankers. Not only did they obtain seats in the House of Commons; it was not altogether unknown that one of their number should be raised to the peerage.<sup>1</sup> They prided themselves on their culture and knowledge of literature. They were, in the true sense of the word, an aristocracy. The banker Bagehot, writing at a period when joint stock banking was on the increase and when the golden age of private banks had passed away, speaks of the "charmed value" possessed by the name "London banker" in the opening years of the 19th century. "The calling is hereditary; the credit of the bank descends from father to son; this

<sup>1</sup> It is true, however, that the case of Robert Smith raised to the English peerage with the title of Lord Carrington remained an isolated exception. The creation gave scandal, and the scandal was increased twofold in 1810, when the report spread that Lord Carrington's barony was to be made into a viscounty (see Wraxall, *Posthumous Memoirs*, vol. i. pp. 65-88, also Lord Carrington's reply to Wraxall's defamatory statements, *Quarterly Review*, vol. lvii. p. 456). Cf. Arthur Young, *Autobiography*, p. 370, letter from T. Symonds to Arthur Young, March 20, 1801.



inherited wealth soon brings inherited refinement. . . . There has probably very rarely ever been so happy a position as that of a London private banker; and never perhaps a happier."<sup>1</sup> To satisfy more perfectly the economic needs of the country, the London bankers were untiring in their efforts to improve the machinery of their banking operations. They began by fostering the growth of a new profession, which served to bring them into closer connexion with the country bankers. The bill brokers devoted themselves exclusively to the task of becoming acquainted with the credit of their country clients. They brought the London bankers bills to cash, and cash for which they received bills. They were simple go-betweens who did not need capital, nor did they guarantee the value of the bills they brought to be discounted. But the large number of their clients, and their financial prosperity, were of themselves a sufficient proof of the soundness of their judgment to warrant the London bankers to trust them almost blindly. £7,000,000 passed annually through the hands of Thomas Richardson, the greatest of these brokers. A London banker knew that he had only to apply to Richardson or to one of his fellow-brokers to obtain at any moment as much money as he needed on the security of commercial bills.<sup>2</sup> He was thus enabled to carry on more business than before with a smaller cash reserve. The circulation of capital thus became brisker. It was rendered brisker still by the institution of the Lombard Street clearing house, forty years before our date. It became the general custom in the banking world of London to settle the daily accounts by striking a balance of reciprocal indebtedness. Every day at four o'clock drafts and cheques were taken to the clearing house; and when reciprocal debts had been cancelled between the banks concerned, only a small number of banknotes were required to pay the difference and thus settle the entire account. In 1810 forty-six bankers made use of the clearing house. The cheques and

<sup>1</sup> Bagehot, *Lombard Street*, pp. 268-9.

<sup>2</sup> *Gold Bullion Committee, Minutes of Evidence*, pp. 177 sqq., 228.

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drafts brought in daily represented a sum of close on £5,000,000. To settle these debts some £220,000 to £250,000 worth of notes was found sufficient.<sup>1</sup>

Thus was accomplished spontaneously, first in the mutual relations of country banks, and then in the mutual relations of the London banks, a process of centralization. The centralization was completed, however, by an institution due not to private initiative, but to the intervention of the Government, namely the Bank of England, which formed the apex of the entire system. The enormous edifice in the classical style of architecture between Threadneedle Street and the Poultry, known as Grocers' Hall, harboured a host of 700 persons, exclusive of those engaged in menial offices, working under the orders of the Governor, the monarch of the place, and twenty-four directors, who were in theory elected by the shareholders of the Bank, but were chosen in practice by a species of co-operation since bankers were legally ineligible, the directors of the Bank of England were London merchants, highly respectable and tolerably cautious, as was only fitting in view of the manner of their choice. The Bank was, practically speaking, contemporary with the "glorious Revolution" of 1688. The newly established Government had allowed a group of merchants who were prepared to advance them a loan of £1,200,000 at 8 per cent. to form a corporation authorized to engage in banking in London. The society, thus formed, took advantage of the constantly recurring pecuniary embarrassments of the Government to make their position ever stronger and stronger. An Act of 1713,<sup>2</sup> confirmed and explained in 1742,<sup>3</sup> granted the Bank the sole right to carry on in England the operations in which it was engaged. Without the express grant of any statute, the Bank had acquired a monopoly of the issue of banknotes in the capital. Later, in return for advances of money made to the Government, it obtained on several occasions the renewal of its privilege. It had been agreed

<sup>1</sup> *Gold Bullion Committee, Minutes of Evidence*, pp. 230 sqq.

<sup>2</sup> 12 Anne, St. 1, cap. 11.

<sup>3</sup> 15 Geo. II, cap. 13.

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in 1781<sup>1</sup> that the monopoly was to expire in 1812. It had been agreed since 1800<sup>2</sup> that it was not to expire till 1833. In 1815 the Bank was paying an interest of 10 per cent. on a capital of £11,642,400.<sup>3</sup>

The country banks deposited the bulk of their reserves with the London banks. The London banks used the Bank of England as a deposit bank. The funds thus placed at the disposal of the Bank were employed to discount commercial bills. It was for the governor and the directors to display the necessary shrewdness and to make advances on such a scale as to ensure a satisfactory dividend to the shareholders, while not advancing enough to diminish unduly the reserve of the Bank. For this reserve—a reserve of metal in normal times, of banknotes in the exceptional periods when the Bank was dispensed from the necessity of making payments in specie—was the final reserve, on which alone the entire currency of the nation was based. Among the clients of the Bank was one whose debt exceeded out of all proportion the debts of all the others. This was the State, which owed the Bank in perpetuity the interest on a capital not only equal to, but larger than, that on which a dividend was paid to the shareholders. The State made use of the Bank to discount the bills issued by the Treasury—Navy Bills bearing interest after six months, Exchequer Bills from the day of issue. Sometimes the Bank would take bonds from the Government at par and then issue them to the public at a profit. In the discussions which took place on such occasions between the Bank and the Treasury, that is between the largest borrower and the largest lender in the Kingdom, it was the duty of the Bank to display the necessary independence, and to take care, while allowing the State freely to increase the national debt, that public credit was not endangered or the fiduciary currency depreciated. The Government rewarded the services thus rendered by depositing its balances with the Bank. The entire Consolidated Fund accumulated in

<sup>1</sup> 21 Geo. III, cap. 60.

<sup>2</sup> 40 Geo. III, cap. 28, § 15.

<sup>3</sup> Hamilton, *Inquiry*, 2nd ed., 1814, pp. 230–1.

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the coffers of the Bank, from the time when it was collected from the taxpayer till the time when it was spent by the State. In the interval the Bank was free to put out to interest the enormous capital that was temporarily at its disposal, on the sole condition that there was always sufficient ready money to pay the creditors and officials of the State.

In 1694 the foundation of the Bank of England had been a daring innovation. Countless had been the protests raised against it. The Bank had been regarded either as incompatible with the conditions requisite for the existence of a healthy economic society, or else as dangerous to the liberties of the subject, if not to the Crown itself. Now it had on its side the force of long prescription. The Bank of England, like the Hanoverian dynasty, was an institution clothed with all the majesty of law. Contemporary with the system of government so dear to England, it shared the prestige of the system. "The stability of the Bank of England is equal to that of the British Government. . . . It acts not only as an ordinary bank, but as a great engine of State."<sup>1</sup> This panegyric, coming from the determined foe of every kind of State interference in economics, is truly astonishing, and justifies the irony of Cobbett. "Some people suppose that paper *always* made a part of the currency or common money of England. They seem to regard the Bank of England as being as old as the Church of England at least, and some of them appear to have full as much veneration for it."<sup>2</sup>

### *The Banking System. Financial and Industrial Crises.*

The institutions above described were calculated, if they functioned normally, to exert a steady influence on national industry and commerce. The country bankers, the London bankers and the Bank of England advanced capital to every individual according to his credit and his

<sup>1</sup> *Wealth of Nations*, Book II, chap. ii., ed. Thorold Rogers, vol. i. p. 320.

<sup>2</sup> *Political Register*, September 1, 1810 (vol. 18, p. 264).

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ability to make profitable employment of the sums advanced. But were the bankers good judges of this credit, of this ability? For many years past economic crises in England had been increasing in number and gravity. While the bills and acceptances of the banks were increasing beyond all bounds, coin grew scarce and the price of the precious metals rose abnormally. The rate of exchange on Hamburg rose 15 to 17 per cent. above par. Manufacturing and commercial crises occurred simultaneously with banking crises. How were these simultaneous phenomena related? Which was the cause, which the effect?

Fluctuations of foreign exchange are due to two different causes, which will sometimes be mutually exclusive, but will at other times work together. One cause is the favourable or unfavourable balance of trade. Let us suppose, for example, that a manufacturing country like England obtains raw materials from some foreign country, say from Sweden, and in return supplies Sweden with manufactured articles. As far as possible the English and Swedish buyers try to pay their respective debts by means of bills of exchange, and in so far as this can be done actual transport of the precious metals is avoided. If, however, the debt of one of the two countries exceed the debt owing from the other country, a certain amount of precious metal must be transported from one country to the other. Bills of exchange drawn by the first country on the second will bear a premium, which will exactly correspond to the cost of transporting the precious metals—that is the freight, the merchant's profit and the risks of transmission. This is the first and most general explanation of the course of exchange. But there are factors of another sort to take into account which may at times outweigh in importance the factors above mentioned, and even in some degree conceal their operation. Let us suppose the coinage of a particular country to consist entirely of worn or clipped pieces, and that in consequence of this, while their face value remains the same, their real value has depreciated in comparison with the coins current in a neighbouring country. In exchanging sums reckoned in



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the currency of the former country against sums reckoned in the currency of the latter there will be a loss corresponding to the difference of intrinsic value between the two coinages. Or again, let us suppose that the Government of a particular country issues a paper currency and enforces its circulation. In relation to specie this paper money will suffer a depreciation wholly comparable to the depreciation of worn or clipped coinage. Hence any country whose currency is depreciated in either fashion is obliged, when paying any debt contracted abroad, to pay a sum larger than the nominal amount of the debt as calculated in its own coinage. Here we have the other cause of a rise in the rate of exchange to the disadvantage of the country in question.

To which of these two causes, then, are we to ascribe the unfavourable position of England as regards exchange? Apparently to the second. For we must remember that for almost twenty years past the banking system had been in an abnormal condition, owing to the suspension of cash payments. This step had been taken by the Government in 1797 in order to avert a financial crisis and to prevent the exhaustion of the Bank's metallic reserve. Cash payments should have recommenced with the conclusion of the war. At the time, however, of the Peace of Amiens it was considered necessary to continue the suspension. When, as the result of the artificial system thus established by law, the foreign exchanges became ever more and more unfavourable to England, public opinion naturally began to connect the two facts. In 1809 Ricardo began his literary career by an article in the *Morning Chronicle* in support of the doctrine of the so-called bullionists, namely, that the cause of the rise in the price of gold was the depreciation of the banknote. A few months later his conclusions were endorsed by a committee of the House of Commons, and the bullionists seemed on the point of obtaining from the Cabinet the repeal of the Act of 1797, and a return, if not forthwith, at least as speedily as possible, to the system of cash payments. Nevertheless, in 1811 the acceptance of banknotes at their face value was practically made compulsory. In 1815 Napoleon's return

from exile, and the resumption of hostilities with France, enabled the Government once more to postpone the return to cash payments. It was, nevertheless, undeniable that Ricardo's doctrine was gaining wider acceptance every day and that public opinion was becoming constantly more accustomed to regard the resumption of cash payments as the remedy for the almost chronic troubles which afflicted the finance, the manufactures and the trade of the country.

An unfavourable balance of trade failed, according to the bullionists, to account adequately for the enormous fall in the exchanges. In the first place, it required to be shown that the balance of trade really was unfavourable. But in truth, during the very years when cash payments were suspended, England had acquired a monopoly of manufactures for the entire world. The report of the Parliamentary Committee of 1810 showed that between 1807 and 1809, while the exchanges were becoming more and more unfavourable to England, the balance of trade had become more and more favourable to her. The excess of exports over imports had passed from £5,866,000 in 1807 to £12,481,000 in 1808, and £14,834,000 in 1809.<sup>1</sup> Even if it were granted that the balance of trade was unfavourable and so caused a fall of the exchanges on Hamburg, Paris and Amsterdam, accompanied by an export of the precious metals, these phenomena would only have been temporary. It was impossible to account in this way for the persistence of a low exchange for many years before 1815. For gold is a commodity like any other, and if it is exported in preference to other commodities, it is because it is worth less than the others. But the more it is exported the rarer it becomes, its price goes up, and its exportation will be more difficult. It becomes, therefore, more profitable to export other commodities and the balance of trade is re-established automatically, as the

<sup>1</sup> *Report of the Gold Bullion Committee*, p. 28. Cf. Appendix No. 73, p. 110. Official statistics of 1812 (*Accounts relating to Imports and Exports*, February 18, 1812) give different figures, But exports always exceeded imports; by £4,251,048 in 1808, by £6,166,360 in 1809.

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necessary consequence of the export of specie. Finally, it was argued, not only was the persistence of the phenomenon inexplicable by an unfavourable balance of trade, but the extent of the fall in the exchanges was equally inexplicable on this hypothesis. The cost of the transport of gold in 1797 did not exceed  $3\frac{1}{2}$  per cent. of its value. Even the growing difficulty of communication between England and the Continent, and the corresponding increase in the risks of navigation, could not possibly have raised the cost above 5 or 6 per cent. of the value. If, then, the rate of exchange was 15 to 20 per cent. below par, such an enormous fall could only be explained by causes of an entirely different order.<sup>1</sup>

The true reason why the rate of exchange was so extremely unfavourable, and that for so long a period, was the excessive issue of paper money; so that banknotes, being the sole currency in England, had undergone a depreciation, corresponding to the excess in their issue, by comparison with the coinage current in the North of Germany and in France. That the economic condition of the country was so unhealthy was the fault of the Government which took advantage of its control of the Bank of England to deal arbitrarily with the currency. The economists of Ricardo's school were opposed in principle to any kind of legislative interference. If they could once succeed in demonstrating that the present evil was actually due to State interference, and that the financial and commercial equilibrium of the entire world would be speedily re-established if the Bank of England would only leave the economic machine to work by itself, they would gain new converts to their social creed. The Opposition meanwhile was making use of the opportunity, thus presented, to attack the policy of the Tory Cabinet, the dictatorial policy of Pitt and his followers. The Opposition saw that the Tory Government obtained from the Bank all the money it asked for, and remembered that the Bank had refused to make the advances required by

<sup>1</sup> Ricardo, *High Price of Bullion* (*Works*, ed. MacCulloch, p. 280).

Lord Henry Petty when he was Chancellor of the Exchequer in the Grenville-Fox Cabinet.<sup>1</sup> "In the latter end of 1795, when the Bank . . . appear to have resigned all prudence in the management of their concerns and to have constituted Mr. Pitt sole director."<sup>2</sup> The use of such language by Ricardo in a pamphlet apparently theoretic and abstract shows that he did not disdain to appeal to the political passions of his readers. The pamphleteers who carried on a literary warfare as free-lances, independently of party organizations, went even further than the economists and the parliamentary orators. Cobbett said that the Government was no better than a coiner of false money, since it was attempting to pay with scraps of paper the enormous debt accumulated from year to year as the result of its warlike policy.

The supporters of the Bank of England and the Government attempted to meet the contention of the bullionists by counter arguments. These counter arguments are of widely differing weight and we should make a distinction between them. Only too frequently they were dictated by the desire to justify at any cost the policy of the Cabinet. But some it will be worth our while to consider; for when the bullionists claimed that the mischief was due entirely and solely to an excessive issue of notes by the Bank of England, they were obviously under a misapprehension both as to the real gravity of the evil and as to the remedies required.

The anti-bullionists asked whether the statistics of imports and exports were really as conclusive as the bullionists suggested. These statistics showed what had been the value of the goods brought to English ports during a given period, and also what had been the value of the goods sent from these ports during the same period. But if it was desired to find out exactly at the end of the year, not what had been the balance of trade, but what had been the balance of payments,

<sup>1</sup> H. of C., March 2, 1815 (*Parl. Deb.*, vol. xxix. pp. 1195, 1197).

<sup>2</sup> Ricardo, *High Price of Bullion* (*Works*, ed. MacCulloch, p. 297 n.).

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it was necessary to notice with what country and under what conditions of settlement the trading had been effected.<sup>1</sup> Suppose then, as was actually the case, that the Continent, owing to a state of blockade, took less than the normal quantity and value of English goods, and that, on the other hand, in consequence of a bad harvest, England imported a large quantity of corn from France or Germany. Thus the balance of trade *with the Continent* would be, for the time, unfavourable to England. But supposing that this excess of imports were compensated, and more than compensated, by the sudden opening of the American market to English manufactures, the balance of trade would as a whole be in favour of England. But goods from the Continent arrived in England in a few hours and were paid for in cash; whereas goods going from England to Caracas or to Buenos Ayres took a long time in transit and were sold on credit; they were not finally paid for, as a general rule, in less than eighteen months. And for this period of a year and a half the balance of payments might be unfavourable, though the balance of trade, as shown by statistics, might be quite favourable. Moreover, the expenditure of the British Government on its Peninsular army, and its subsidies to such Continental sovereigns as were willing to declare war upon Napoleon, added still more to the unfavourable balance of payments. Here were wide-open cavities through which gold could constantly escape without affecting in any way the statistics of foreign trade.

Again it was wrong to conclude that exchanges were not governed by the balance of payments, merely because they rose at times to rates higher than could be justified by the cost of shipping gold. Ricardo and his disciples were wrong in considering men in general, and business men in particular, as expert calculators, acting always with a full knowledge of all the possible consequences of their actions. In the

<sup>1</sup> *Gold Bullion Committee, Minutes of Evidence*, p. 76 (J. L. Greffulhe's evidence), p. 99 (evidence of Mr. —, a Continental merchant). Cf. p. 52 (communication from Mr. Lyne) and *passim*.



money market, as in all other markets, sentiment, and not reason, was supreme. Every day in the region of Lombard Street and Leadenhall Street there gathered a busy and excitable crowd. And if it were heard that the export of coin was leading to a tightness in the money market, every individual of such a crowd, always intent upon learning the latest news, might well be seized with an unreasonable fear of finding himself short of cash. Thus a panic would arise; and the exchanges would go beyond the point at which, normally, they should have stopped. It was, therefore, useless to ascribe the fluctuations of exchange to causes of another kind, such as an excessive issue of notes. Bankers know that in their treatment of the money market they must take account of mob psychology. Their experience of the 18th century, before the suspension of specie payments, had taught the directors of the Bank of England that the truest wisdom often lay in flouting counsels of prudence and in continuing to discount bills even when the metallic reserve had been reduced to very small dimensions. To husband the reserve would have resulted in telling the public too suddenly of their peril, in provoking a panic instead of merely giving a danger signal, and in destroying confidence by the very act which to all appearance was the wisest course for its preservation.

Moreover, if an excessive issue of paper, and a consequent depreciation of banknotes, causes a rise in the price of gold, then all prices should rise at the same time and to the same extent, since they are all measured by the same standard, which for the time being is paper money. But the immediate cause of the crisis of 1809 was the rapid fluctuation of all prices in different directions and degrees. During the course of this crisis, which subsequently resulted in the appointment of a Parliamentary Commission and the publication of its report, the price of all manufactured goods fell, in spite of issues of paper money which were supposed to be excessive. There was, in fact, over-production. The South American markets, just opened to English trade, were glutted with goods. At the same time the price of grain went up,

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not because the banknote was depreciated, but because the harvest was bad. The price of gold rose also; but why seek to attribute this rise to the depreciation of the currency, instead of, as in the case of all other goods, to the operation of commercial causes which have no direct connexion with the issues of the Bank of England?

There was no close correspondence from one year to another between the issues of notes and the price of gold. At the time when Ricardo was writing his letters to the *Morning Chronicle* and Horner was writing the report of the Bullion Committee it might seem perhaps that the bullionist theory was supported by the events of the previous year. There had been a large increase in the note circulation accompanied by a large rise in the price of gold, which at the beginning of 1810 reached £4 5s. an ounce. The two figures, however, did not continue to follow the same course; and no sooner had the Committee's report been published than the bullionist theory was disproved by the course of events.<sup>1</sup> In 1810 the Bank of England issued notes to the value of £4,500,000;<sup>2</sup> but the price of gold fell to £4 4s. 6d. From 1811 to 1813 issues were less, but the price of gold rose to £5 5s.<sup>3</sup> During the first half-year of 1814 the circulation of Bank of England notes rose from £24,801,080 to £28,368,290, but in spite of this great rise the price of gold fell from £5 8s. to £4 11s.<sup>4</sup> Subsequently the price of gold underwent sudden variations; but on the whole tended to fall slowly, though the note circulation now remained at much the same level, never being below £27,000,000.<sup>5</sup> And

<sup>1</sup> Nor were the bullionists justified by the events of the previous period, 1796-1809. Bosanquet, *Practical Observations*, p. 9-10.

<sup>2</sup> Tooke, *History of Prices*, vol. i. p. 362.

<sup>3</sup> *Ibid.*, pp. 367-8.

<sup>4</sup> *Weekly Account of the Market Prices of Gold, First and Second Reports of the Lords' Committee*, 1819, Appendix, p. 350: February 18th, £5 8s.; August 23rd, £4 11s.

<sup>5</sup> The average note circulation was as follows: 1815-1st quarter, £27,298,290; 2nd quarter, £27,103,440; 3rd quarter, £27,171,430; 4th quarter, £26,074,570. 1816-1st quarter, £26,573,280; 2nd quarter, £26,363,240; 3rd quarter, £27,233,700; 4th quarter, £26,129,040 (Pebrer, *Taxation*, p. 251). From the end of 1815

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in 1816 gold and paper were almost on an equality. At a price of £3 18s. 6d. per ounce the premium on gold was only 7½d.

At first sight the bullionists seemed to be right in their arguments, since it was hard to deny that a suspension of cash payments should have produced in England the same effects as the issue of *assignats* had produced in France at the end of the 18th century. But the defenders of the Bank denied that there was any similarity between the policy of the French Government at the time of the *assignats* and the methods of the Bank of England during the period of the restriction of specie payments. The Bank of England, however closely attached to the Government, was none the less an independent corporation. It was free to resist, and did sometimes resist, the demands of the Government. And it boasted that throughout all the troubles and disturbances of the time it had never wavered from those traditional principles of wise administration which it had observed during the whole of the past century.

The directors of the Bank argued—not without some foundation—that their note issues had always been regulated by the normal demands of the discount market.<sup>1</sup> They

the price of gold was falling steadily, as follows: 1815, September 15th, £4 9s.; October 13th, £4 3s.; December 15th, £4 2s. 1816, April 9th, £4 1s.; April 23rd, £4; July 9th, £3 19s.; October 8th, £3 18s. 6d. (*Weekly Account of the Market Prices* . . . *ibid.*, p. 350). To evade the difficulty the bullionists said that the issues of private banks ought to be taken into account. But as these private banknotes were redeemable, the bullionists tried to show that the quantity of such notes was governed by the quantity of irredeemable notes. (Ricardo, *High Price of Bullion, Works*, pp. 282-3; *Report of Bullion Committee*, pp. 67 sqq.; King, *Thoughts* . . . 2nd. ed., 1804, pp. 106 sqq. See, in reply, Bosanquet, *Practical Observations*, 2nd ed., 1810, pp. 72 sqq.). According to our own theory it would be more exact to say that the country banks, by excessive issues of notes, compelled the Bank of England to follow their example.

<sup>1</sup> *Gold Bullion Report, Minutes of Evidence*, p. 131, evidence of J. L. Greffulhe: "The bank paper of this country is issued when called for, in exchange for valuable securities, in which respect

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insisted that when the public interest was at stake they subjected all applications for discount to a scrutiny more careful than that generally made by private banks.<sup>1</sup> But the debaters of 1810, occupied almost exclusively with the problems of note circulation, neglected altogether to investigate the really important question, namely whether the discount policy of the Bank of England and of the private banks was based on wisdom as well as on long custom, and whether it was such as to prevent crises both when notes were convertible and when they were not. There had been a crisis in 1797 before the suspension of specie payments; indeed, it was this very crisis which brought the suspension into being. And crises still continued to occur after 1819, at which date the bullionists had brought their remedy into effect.<sup>2</sup> We must seek the explanation of these repeated crises, and indeed of the excessive note issue itself, in the manner in which the national production was organized under the control of the great discounting institutions, the banks.

All modern production rests on a basis of credit. The great manufacturers buy on credit the raw materials of their industry; the wholesalers buy on credit the goods which they wish to retail. On receiving delivery of these raw materials or goods they give to the person who supplies them a promise to pay, good for a date by which they expect to have completed the process of manufacture and sale. This promise to pay becomes itself an object of commerce,

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it is essentially distinct from what I call a forced paper, which may be issued without limits and without any security whatever." This opinion has all the more force in that it came from a merchant who had himself nothing to do with the administration of the Bank (Bosanquet, *Practical Observations*, 1810, 2nd ed., pp. 49 sqq.).

<sup>1</sup> *Gold Bullion Report, Minutes of Evidence*, p. 189, evidence of Mr. Whitmore, Governor of the Bank. Cf. H. of C., March 2, 1815, Baring's speech (*Parl. Deb.*, vol. xxix. p. 1,198).

<sup>2</sup> *Memoirs of Sir John Sinclair*, vol. ii. p. 271: "If the panic of 1825 had occurred in our struggle with Napoleon, Great Britain would now be a province of France."

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a means by which the holder can pay his debts before the time of maturity has arrived. A, a shipbuilder on the Clyde, buys wood on credit from B, the owner of forests in Sweden. C, a Stockholm shipowner, buys ships on credit from the Clyde builder. A bill of exchange enables A to transfer to C the debt which he owes to B, and thus obviates a double transfer of gold, from England to Sweden, and from Sweden to England. The bankers, who collect such bills and act as agents for their transfer, have the special function, by means of a kind of brokerage, of reducing to a minimum the use of cash in business transactions, and of reestablishing in a more complicated form the primitive truck system whereby goods are exchanged directly for goods. Or rather, such would be the working of the credit system and such would be the function of the banker, in a world where existed only independent producers or groups of individuals associated on a footing of equality in the work of production. In such a world there could only be partial crises, local disturbances due to a bad harvest or to some mistake in production. A general crisis of over-production would be inconceivable. Supply and demand would always be in equilibrium. One service would be exchanged for another.

But the new industrial society, which at the beginning of the 19th century asked for the assistance of the banks, was based on different principles. The chief users of credit were the captains of industry superintending the labour of workmen who were wage-earners, and therefore not independent. These employers could not unload upon the home market all the goods which they produced, unless the workers were paid enough to be able to buy the whole output of the factories where they worked; in which case the employers could have made no profits. It was necessary, then, that the capitalist should proceed to the conquest of foreign markets, should sell more than he bought, or, to speak more exactly, should exchange goods for gold. The whole series of loans proceeded in one direction—from the first seller to the last—and the last seller sought to pay his debt by obtaining gold from abroad against the goods which he sup-



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plied. But an exchange of goods against gold cannot be continued indefinitely either by two individuals or by two countries. Sooner or later the buyer will have no gold left to pay for the goods which are sent to him. He becomes an insolvent debtor; the goods which arrive for him are thrown upon the market; and there is a general fall of prices.

What will happen, then, to those who, in a country of large-scale industry and commerce, continue for months and years to sell goods on credit? So long as prosperity lasts, production will increase, prices will rise, and bills of exchange, easily negotiable, will appear a safe medium for the reciprocal liquidation of all debts. But, once creditors take alarm at the prospect of debtors becoming gradually unable to meet their engagements, everyone will be anxious to get rid of the bills which he holds, and to obtain cash in exchange. If the currency is convertible the banks will see their portfolios grow fat with bills, whilst their metallic reserves dwindle alarmingly. If there is a currency of inconvertible paper the central bank will be able to discount, by the mere issue of notes, all bills that may be brought to it. But such issues will have been the effect, not the cause, of the crisis. Moreover, paper money could only be used for the payment of internal debts. To satisfy creditors abroad gold would have to be exported; and such exports would not be caused by the excessive issues of paper. Both exports of gold and issues of notes would be effects due to the same cause.

The fact that notes have only been issued in the discount of bills based on genuine transactions by reputable firms, does not prevent the issue being excessive in conditions where there is a general crisis and the whole capitalist system is threatened with insolvency. If the notes were convertible, bankers would be warned of the approaching crisis by a fall in their reserves. But would they pay attention to such a fall, and what measures would they take? The bankers of our period did not possess the necessary outlook or even the technical knowledge. It was many years before they thought of warding off a crisis, or at least of diminishing its dangers, by raising the rate of discount. And not only did

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they lack the necessary knowledge, but the law, by prescribing a maximum rate of interest, prevented them even from contemplating such a system. Moreover, the same spirit of the time induced the manufacturers to produce without limit, induced the bankers to lend without prudence. They were not sufficiently alert to distinguish the keen demand for discounts which arises from a normal development of business—an increase of reciprocal indebtedness between one part of England and another, or between England and the Continent—from that demand which shows that business is waning, that men are finding it difficult to pay their debts, and that a crisis is in view. A crisis is essentially a crisis of over-production combined with a crisis of inflation. In this matter the bankers are the accomplices of all those who direct in any way the activities of the economic world.

### PUBLIC DEBT AND BURDEN OF TAXATION

#### *Public Debt.*

If our analysis has been correct, the economic crises which occurred in England during the years leading up to 1814 were caused ultimately, not by the financial imprudences of the Government, but by the very system on which commerce and industry were organized. It is true that the financial necessities of the Government were such as to aggravate the disorder. Gold was scarce in England, for every year it was exported in increasing quantities—£15,182,000 in 1811, £18,533,000 in 1812, £22,931,000 in 1813, £31,284,000 in 1814<sup>1</sup>—and this export was due in large measure to the policy of the Cabinet in granting subsidies to all countries hostile to France and in maintaining a great army in Portugal and in Spain. England was crushed by taxation; the Budget to use a term which was now current<sup>2</sup>—became every year

<sup>1</sup> H. of C., March 2, 1815, Vansittart's speech (*Parl. Deb.*, vol. xxix. p. 1,185).

<sup>2</sup> H. of C., November 1814, Vansittart's speech: " . . . the right hon. gentleman (Mr. Ponsonby) has expressed a wish . . .

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more oppressive. There was not much expenditure under civil heads—nothing for poor relief or for education, nothing even for local administration and justice or for local police. Administrative expenditure amounted to little more than £4,000,000.<sup>1</sup> But the Navy in 1814 required over £20,000,000, the Army and Ordnance just under £40,000,000.<sup>2</sup> And finally, in addition to meeting all these charges and granting more than £10,000,000 to the Allied Powers,<sup>3</sup> the State had to pay its creditors—the interest on the public debt being over £37,500,000.<sup>4</sup> The resources of the State

that he would previously enter into a general statement of the finances of the country. If, by that expression, the right hon. gentleman meant that general winding-up of the financial accounts which was familiarly termed the Budget . . . ” (*Parl. Deb.*, vol. xxix, p. 147). The *Annual Register* for 1797 quotes the term as a neologism: “On the 7th of December (1796) the Chancellor of the Exchequer produced his annual estimate of the public revenue and expenditure, with a demand for supplies, or what is barbarously called his bag, or budget” (p. 131, cf. p. 14). In 1808 the term was not yet current. See *Annual Register*, p. 95. H. of C., April 11th: “The Chancellor of the Exchequer rose, pursuant to notice, to bring forward the Budget.” (A note explains this as “A budget of papers relative to the public income and expenditure.”)

<sup>1</sup> Civil List, Courts of Justice, Mint, allowances to the Royal Family, salaries and allowances, bounties, £1,561,121; Civil Government of Scotland, £114,032; miscellaneous services at home and abroad, £2,384,591. Total, £4,059,745. See *Public Income of Great Britain for the year ending fifth January, 1815. An Account of the Ordinary Revenues and Extraordinary Resources of the Public Income of Great Britain* (*Parl. Deb.*, vol. xxv. Appendix, pp. 1 sqq.).

<sup>2</sup> Navy, £21,961,567; Ordnance, £4,480,792; Army, £33,795,556.

<sup>3</sup> Exact figure, £10,024,624.

<sup>4</sup> See below, pp. 351 sqq., for a statement of the Budget of 1815. The financial position of France at the first Treaty of Paris, was much stronger than that of the victor. See H. of C., February 22, 1815, Lord Binning's speech: “France had a population of 26 or 27 millions, a revenue of about 35 millions, and a debt of 70 millions. In Great Britain (he should not speak of Ireland at present) the population was 12 millions and a half, the taxes 60 millions a year, and the debt between 800 and 900 millions. It therefore appeared that the people of France were

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were eaten up by these payments of interest. Peace might come: a naval and military expenditure might be reduced; but how was the burden of this dead weight to be relieved? All the financial difficulties of the time were summed up in this question of the Public Debt.

The Debt, "this vile paper-money and funding system, this system of Dutch descent, begotten by Bishop Burnet and born in Hell,"<sup>1</sup> dated from the Revolution of 1688. From that time onward the Government, engaged in a long series of wars with France, had taken to raising loans for military expenditure, so as to relieve the taxpayer, who had now only to meet the interest charges of the debt so contracted. And it was said by Sheridan<sup>2</sup> that one-half of the English national debt was incurred in putting down, and the other half in restoring, the House of Bourbon. In order to raise from the public large and ever-increasing loans the English Treasury never ceased to improve their methods of borrowing. They tried tontines, annuities for one or more lives, or for a fixed number of years, loans from big corporations in return for the grant of financial or commercial concessions; but the most common, and finally the only method, was to raise loans by public subscription. The State asked for a certain sum and promised to pay a certain rate of interest. The

taxed at the rate of less than £1 for each individual, while the people of this country were taxed at the rate of £5 for each" (*Parl. Deb.*, vol. xxix. p. 982). The armies of Napoleon lived on the conquered countries; so that his policy of militarism, though it exhausted France of men and paralysed her industry and commerce, imposed no burden on the Treasury so long as a state of war continued. In short, a state of continuous war was necessary to France for financial as well as administrative reasons. (For the economic policy of France under Napoleon, see a letter from Wellington to Baron Constant, Gallegos, January 13, 1812, *Dispatches*, vol. v. pp. 494 sqq.). In England exactly the opposite conditions prevailed. The war did not exhaust the country of men or improve directly her industry and commerce; but it was terribly expensive. Only the economic activity of the country enabled her to support the burden of taxation.

<sup>1</sup> Cobbett, *Rural Rides*, August 7, 1823.

<sup>2</sup> Quoted by the *Leeds Mercury*, April 6, 1815.

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bankers of London acted as agents between the Treasury and the public; they were called into consultation by the Chancellor of the Exchequer, and they made their proposals—each banker present acting as the agent of a group of lenders, bankers or merchants. And finally the public took up the securities—annuities redeemable at the option of the State but not at the option of the investor, or perpetual annuities which the investor could transfer freely by means of entries in the books of the Bank of England. So there arose in the English Economic system a new class of investors in the public funds, “stockholders” or “fundholders.” It was a thrifty class with whom the taste for saving became a passion. Sir John Sinclair in 1803 estimated that a fifth of the interest paid out annually by the State to its creditors was re-invested in the public funds.<sup>1</sup> It was a class which became more and more numerous. Hume at the middle of the 18th century estimated that there were 17,000<sup>2</sup> fundholders. In 1829 official statistics gave their number as 275,839, of whom 250,816 received an annual interest of £200 or less.<sup>3</sup>

The investor in public funds had this unique advantage, that he could at any time sell his investment without any of the difficulties which confront the owner of land or of a business enterprise. He had only to go to the “stockbrokers,” who, in return for a brokerage fee, undertook all the formalities of transfer in the offices of the Bank.<sup>4</sup> Professional stockbrokers had no legal monopoly, but in practice they were employed by all. They formed a sort of corporation governed by an elected committee, and they received a licence

<sup>1</sup> *History of Public Revenue*, 3rd ed., 1803, vol. iii. p. 139.

<sup>2</sup> *Of Public Credit* (Essays, ed. Greene and Grose, vol. i. p. 373 n.), including foreign holders of British funds.

<sup>3</sup> Doubleday, *Financial . . . History of England*, 1847, p. 264, who quotes Cobbett. The complete statistics give 250,816 fundholders receiving interest of £200 or less; 22,934 receiving between £1,000 and £200; 1,937 receiving between £4,000 and £1,000; and 152 receiving more than £4,000.

<sup>4</sup> For this organization, see Hamilton, *Inquiry*, 3rd ed., 1818, pp. 313. sqq.



from the Lord Mayor. From 1804 onwards they met in a special building, the Stock Exchange, erected by them close to the Bank of England out of funds raised by subscription from the profession. They had won a position of such importance and influence that for twenty years before our date they had been competing with the bankers in negotiations with the Treasury for the issue of loans. Stockbrokers had married their daughters to members of the House of Lords. Amongst the members of the Stock Exchange were the great economist Ricardo, and the eminent scientists Francis Bailey and Benjamin Gompertz. Moreover, just because they considered themselves to be the aristocrats of the London Stock Exchange, the brokers did not wish to be concerned with bringing together buyers and sellers. They left this work to the stockjobbers, another class of intermediaries between Government and public, who also made a living from dealings in the funds. These stockjobbers did not only act as agents for the public; they bought for their own account with a view to selling later at a higher price and thus making a profit by the double operation. Or they engaged in operations which were essentially in the nature of betting upon the price of Government stock at some future date. On that date some would win and others lose. Some, perhaps, might be ruined. By a statute still in force, operations in futures had been deprived of all legal sanction, and by another statute they had been expressly prohibited,<sup>1</sup> but nevertheless such operations were carried through on the Stock Exchange, and the name of stockjobber was given to all, whether professionals or not, who speculated in investment values. Thus there arose amongst the prudent and thrifty investors in Government funds an inner circle of speculators and gamblers. At one time Quakers were numerous in both the stockbroking and the jobbing professions; but later they seem to have diminished in number and to have devoted themselves specially to the finance of the corn trade which was localized in the neighbourhood of Mark Lane. They were replaced by Jews,

<sup>1</sup> 7 Geo. II, cap. 8; 10 Geo. II, cap. 8.

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who now acted in large numbers as stockjobbers and penetrated even into the ranks of the brokers. A rule of 1772 limited to twelve the number of Jews who might exercise the latter profession.<sup>1</sup>

The great fortunes made by speculating in the public funds were regarded with dislike and distrust by public opinion. Such fortunes were not based on any increase of real wealth, and they were rendered conspicuous by being made in London at the very centre of the political life of the nation. Fortunes were succeeded swiftly by failures; the business of Change Alley in the City was marked by constant scandals. In 1810 Abraham Goldsmid, the King of the Stock Exchange, committed suicide; the King and the Prince of Wales were informed by special messenger, and the price of securities fell 3 per cent. In 1811 the stockbroker Benjamin Walsh was excluded from Parliament for having defrauded Sir Thomas Plomer of £16,000. The same punishment was inflicted in 1814 on Lord Cochrane, the great sailor and popular politician, on the charge of having, with several others, made a *coup* on the Stock Exchange by circulating a false rumour regarding the death of Napoleon. The amount involved was some £826,000. Both speculators and fundholders<sup>2</sup> were abhorred by the public. They were said to have prolonged the war so that their activities might be given a wider field by the increase of the National Debt. They were held responsible for the great residential area around the City of London which was now being developed for the accommodation of business men or idle fundholders, a veritable "wen"<sup>3</sup> on the body politic attracting to itself an undue proportion of the population. They were charged with causing the depopulation of the countryside by buying land and forming large estates, buying out

<sup>1</sup> Francis, *Chronicles and Characters of the Stock Exchange*, p. 113.

<sup>2</sup> "Tax-eaters." Cobbett, *Rural Rides*, December 4, 1821, January 8, 1822, May 5, 1823, and *passim*.

<sup>3</sup> "The Wen, the great Wen." Cobbett, *Rural Rides*, December 4, 1821, January 8, 1822, May 5, 1823, and *passim*.

the yeomen and turning away the small farmers.<sup>1</sup> Cobbett, who was essentially an inhabitant of Southern England, expressed no doubt the view of many of his contemporaries when he charged the stockjobbers with being responsible for this new phenomenon, the concentration of wealth. The manufacturers, according to him, did but follow the example of those who speculated in the public funds. "A national debt and all the taxation and gambling belonging to it have a natural tendency to *draw wealth into great masses*. These masses produce a power of congregating manufactures and of making the many work at them for the gain of a few."<sup>2</sup>

For more than a century, indeed, the increase of the National Debt had been a cause of alarm to competent observers. Certainly the borrowing system had brought certain political advantages during the 18th century, for it had given rise to a growing class of fundholders keenly interested in national solvency and therefore in safeguarding from revolution the system of government which dated from 1688. Moreover, the system had not prevented an enormous increase of wealth in England; and thanks to this increase, which resulted in the debt being held almost entirely by its

<sup>1</sup> H. of C., December 3, 1798, Tierney's speech (*Parl. Hist.*, vol. xxxiv. pp. 23-4).

<sup>2</sup> *Rural Rides*, August 1, 1823. Cf. H. of C., December 3, 1798, Tierney's speech: "Such, indeed, is the operation of all great capitals of credit, which enable the capitalist by means of banks to multiply the natural power of his stock even three or fourfold; to grasp, monopolize and control everything. . . . Large capitals and credits . . . have a tendency to monopolization, and to form a kind of bourgeois and upstart aristocracy, with all the faults of the former, without any of its virtues" (*Annual Register*, 1799, pp. 177-8). Wm. Morgan (*A Comparative View of the Public Finances* . . . London, 1801, pp. 40-1) says that the war encouraged speculation in the public funds; and in consequence, "by rendering the division of property more unequal, it has also increased the number of great capitalists." See also de Montveran, *Situation de l'Angleterre* . . . , vol. i. p. 155. The system of public borrowing seems to tend (where, on the advent of peace, the debt is not or cannot be paid off) to increase the number of big fortunes and to diminish the number of moderate fortunes, which are the source of public prosperity and which give a larger measure of individual ease and happiness.

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own nationals, the State was able to avoid paying a tribute of interest to the foreigner. In 1762, shortly after the accession of George III, it was calculated that only one-seventh of the total debt was held abroad. The external debt increased afterwards, but only to a slight extent, whilst the total debt expanded much more quickly. In 1815 it seems that only one-twenty-fifth of the debt was held by foreigners.<sup>1</sup> But even so the danger of insolvency remained.

In the 18th century it was a source of anxiety to Hume, Price and Adam Smith;<sup>2</sup> and, after the American War of Independence, statesmen also began to be infected by the fears of the economists. All their efforts, however, were powerless to relieve the burden of indebtedness. They wished to redeem; but payments to the sinking fund were constantly suspended. They wished to convert; but the rate of interest, which had fallen from 8 to 3 per cent. during the first half of the century, began to rise again after the Seven Years' War. They even invented the plan of creating

<sup>1</sup> Sir John Sinclair (*History of the Public Revenue*, 3rd ed., 1804, vol. iii. Appendix, pp. 160 sqq.), gives figures for 1762 showing foreign holdings of the funds as £14,970,671 2s. 4d., bearing interest £576,613 8s. 10d. Adding South Sea stock and East India Stock not included in these amounts, he gets a total holding of £17,000,000 bearing interest to the extent of £770,000. Total foreign holdings were thus less than a seventh of the National Debt. For the year 1804, he arrives, by very conjectural calculations, at a total foreign holding of £24,435,478 9s. 11d., bearing interest £954,123 16s. 10d. Hamilton (*Inquiry*, 3rd ed., 1818, p. 260), calculating foreign holdings in 1806 from the applications for exemption from property tax, obtains the figure of £18,598,666, together with £17,147 of life annuities. As these figures took no account of bank shares of which some £3,000,000 were held abroad, especially in Holland, he puts his final total at £22,000,000; that is,  $\frac{2}{5}$ th of the National Debt. The *Edinburgh Review* in April 1808 (No. 23, Art. 13, *Baring and others on the Orders in Council*, vol. xii. p. 238) estimates that England was paying £700,000 a year to its foreign creditors. All these estimates made for the first ten years of the century are more or less similar. See, however, for the uncertainty which prevailed upon this point, de Montveran, *Situation de l'Angleterre*, vol. i. p. 118.

<sup>2</sup> For a series of contemporary opinions announcing the imminent ruin of England, 1688-1783, see Sir John Sinclair, *History of Public Revenue*, Appendix, vol. ii. p. 51.

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debt with a face value greater than the sums actually lent, so that whilst borrowing nominally at 3 or 4 per cent., they paid in fact more than 5 per cent. At the end of the American War the debt had risen to the enormous figure of £238,231,248.<sup>1</sup> Of the normal revenue of £12,000,000 more than three-quarters—£9,139,000—were absorbed by the service of the debt. It was at this crisis that Pitt, now Prime Minister, was to inaugurate a new era in the history of English finance.

### *The Policy of Redemption of Debt (1786–1813).*

In 1786 William Pitt applied an annual sum of £1,000,000<sup>2</sup>—derived in part from economies in various services, in part from new taxation—to the constitution of a sinking fund based on a new principle. Instead of redeeming and cancelling a portion of the debt every year, thus lessening the burden of interest payments, he applied to the redemption of debt the system of compound interest. The taxpayer was to continue to pay interest on the amount of debt annually redeemed, until, by the accumulation of this interest, the income of the sinking fund should reach the total of £4,000,000. In 1792 further measures were taken. A sum of £400,000 was made a prior charge upon the Budget to be used for the purpose of the sinking fund,<sup>3</sup> and it was settled that in subsequent years a sum of £200,000 should be applied annually under the same conditions. These payments were to be a net addition to the sinking fund and did not relieve the taxpayer from his obligation, under the original scheme, to enlarge the annual sum of £1,000,000 by the gradual accumulation of interest, until it should reach £4,000,000. Moreover, it was decided as a precautionary

<sup>1</sup> These figures, and the figures which follow, are taken from Rob. Hamilton (*Inquiry . . . Concerning the National Debt*, 1st ed., 1813; 2nd ed., 1814; 3rd ed., 1818), whom we have always found very precise and accurate.

<sup>2</sup> 26 Geo. III, cap. 26.

<sup>3</sup> 32 Geo. III, cap. 12.



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measure that whenever, in the future, it became necessary to raise a loan from the public, a fresh sinking fund equivalent to 1 per cent. of the loan should be constituted which, with its interest, should be devoted to the redemption of the new loan.<sup>1</sup> Thus it was said every new loan would be automatically redeemed within a maximum period of forty-five years.

Pitt's scheme was based in all its details on the work of the economist Richard Price. Political economy was now fashionable; and the scheme had a scientific aspect which made it attractive. But, regarding the problem from a purely financial standpoint, calculation will show that the new method of redemption did not differ from the old. The redemption of a debt will proceed at exactly the same rate, whether it be effected by setting aside every year a definite sum to purchase and cancel so much of the stock, or whether, every year, the same sum be used to purchase stock and thereby to constitute a fund which, with its interest, shall finally become equal to the total debt originally contracted. Nevertheless, if it becomes necessary to raise a fresh loan whilst the process of redeeming a previous loan is still being continued, we cannot regard the two operations as cancelling each other and leaving the situation unchanged; for to borrow with one hand and to redeem with the other involves at any rate the expenses of conducting these two series of operations.<sup>2</sup> In what, then, lay the superiority of the new method? It may be found in the constitutional rather than in the financial aspects of the problem.

If a State is redeeming its debt solely by devoting a specified sum every year to this purpose it may be tempted in times of financial stress to divert this sum to other purposes and so to suspend the task of redemption entirely until conditions become more favourable. If, on the other hand, a State relies, for the redemption of its debt, not only upon a contribution made annually for this object but also upon the interest of a sinking fund already accumulated, though the State will then have the power, in periods of difficulty, to divert to

<sup>1</sup> 32 Geo. III, cap. 55.

<sup>2</sup> Hamilton, *Inquiry*, 2nd ed., 1814, pp. 52 sqq., 129 sqq., 175 sqq.

current expenditure both these sources of income, yet in practice it would probably fear to arouse opposition by so sweeping a measure, and would perhaps rest content with only a partial raid upon the money which would have been devoted to redeeming debt. It would continue, for instance, to pay its annual contribution to the sinking fund, but would cease to pay interest on the fund already accumulated. The sinking fund would continue to grow, though its rate of growth would be lessened. In short, because the new method was more complicated than the old it offered more resistance to the depredations of the Government.

But that was not all. In 1786 Pitt set up a body of "commissioners" appointed from amongst the highest officials of the realm, the "Commissioners for the reduction of the National Debt," in whose name was inscribed all the stock annually redeemed, to whose account was paid every three months the sums devoted to redemption, and who, at similar intervals, employed these sums, as well as the accumulated interest of the fund, to the purchase of stock. In this way the money voted annually by Parliament was utilized every quarter. It never remained as an idle balance into which a Minister at times of financial stress might be tempted to dip his hand. Moreover, Parliament, after having created this imposing body of commissioners, bound itself in respect of them by a sort of perpetual undertaking. Students of the English Constitution, at the end of the 18th century, regarded it as composed of certain constituent bodies—Parliament and Magistracy—House of Lords and House of Commons—Crown and Cabinet—which had learnt by custom to respect each other's rights. Pitt wished to add to the political, or rather to the financial system, a new body and to endow that body with some of the prestige enjoyed by those of older establishment. In this way he hoped to give to his method of redemption a permanence and a stability which had been lacking in the methods hitherto tried. "A Minister could not have the confidence to come to this House and desire the repeal of so beneficial a law which tended so directly to relieve the people from their burthens. . . . It was the

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essence of his plan to keep that (sinking fund) sacred, and most effectually so in time of war."<sup>1</sup> But the question remained whether it was possible to bind Parliament, by means of a sort of incantation, to respect an undertaking given to another body which had been recently established and which rested, as all the world knew, upon the authority of Parliament itself.

War was declared with France; and repeated loans were required to provide for the expenses of the Army, Navy, and for subsidies to Allied Powers. In the four years from 1793 to 1797 a new debt of more than £130,000,000 was contracted on very onerous terms. In 1825, to obtain the sum of £18,000,000 the State was obliged to issue a loan to the face value of £24,000,000; and in 1796, to obtain the same sum, debt was incurred to the face value of £26,000,000. It is calculated that the effective rate of interest on the *Loyalty Loan* of December 1796 was  $11\frac{1}{2}$  per cent. However, that very rise in the rate of interest, which was needed to attract money from the public, facilitated the work of the sinking fund. When the Government 3 per cents., which were at par in January 1792, fell by the end of December to 76, in January 1796 to 70, in January 1797 to  $55\frac{1}{8}$ , and in May of the same year to  $47\frac{3}{8}$ , a price even lower than that reached during the American War, the Debt Commissioners were able, with the same expenditure, to redeem twice as much debt. Until the election of 1796, Parliament held to the undertakings which it had given in 1786 and 1792. The working of the sinking fund, which had hitherto been maintained at its normal activity, was now relaxed.

In 1798, 1799 and 1800 loans were raised to a total of £56,445,000 without the provision of a 1 per cent. sinking fund; and the interest on these loans, which could not longer be met from the Consolidated Fund, was provided by means of new taxes. At the Peace of Amiens the total debt was £567,008,978; and if from this is deducted the £67,225,915 redeemed by the operation of the sinking fund, the total

<sup>1</sup> H. of C., March 29, 1786, Pitt's speech (*Parl. Hist.*, vol. xxv. pp. 1309, 1321).

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becomes £499,783,063, showing a net increase of over £260,000,000. The work of the sinking fund was not expressly forbidden, but the Commissioners were not provided with funds sufficient to comply altogether with the provisions of the laws of 1786 and 1792. The Consolidated Fund was no longer able to support the burden of interest payments. The debt controversy, which for the time had ceased, now began once more; and it became entangled in the disputes which raged between political writers of reactionary and of Jacobin tendencies. The human race, declared Thomas Paine, is composed of successive generations which are independent of each other. A perpetual debt destroys this independence by imposing upon future generations the burden of paying the debts of their ancestors. It is an absurd and unnatural system.<sup>1</sup> On the contrary, it is an admirable system, replied Gentz, the recognized advocate of the Counter-Revolution; for it makes men feel that society is something more than the mere aggregate of individuals who happen to be alive at the time, and that it is the duty of the State to bind together the generations which, passing imperceptibly one into the other, constitute the human race.<sup>2</sup>

In 1802 Addington, who had become Prime Minister, issued a loan of £30,350,375 without providing the 1 per cent. sinking fund prescribed by the law of 1792. He endeavoured, however, to regularize the position of the Treasury by a comprehensive measure, which had the full approbation of Pitt. In place of the temporary war taxes he levied permanent taxes to meet the interest charges in respect of debt incurred since 1798. He merged into a single sinking fund all the funds set up since 1786—the funds of 1786 and 1792, and the special funds of 1 per cent. for each loan—this single fund to be used for the redemption of all debt without distinction, and even of those loans, amounting in all to £86,796,375, to which a 1 per cent. fund had not been attached. Towards

<sup>1</sup> *Decline and Fall of the English System of Finance*, p. 21.

<sup>2</sup> *Administration des Finances . . . de la Grande-Bretagne*, pp. 137 sqq.

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the redemption of this amount of £86,796,375 were applied monies which had not been destined to that end; and the rate of redemption of other loans was thereby diminished. On the other hand, Addington abolished the limit of £4,000,000 which had been imposed by the Act of 1786 on the growth of the original annual sum of £1,000,000. Interest was now to accumulate until the whole debt had been redeemed. For such redemption a period of forty-five years would be sufficient.<sup>1</sup>

But again war broke out; and from 1803 to 1806 a fresh debt of £98,480,000 was incurred. As, during this period, debt to the amount of £46,604,601 was redeemed, the net addition was £51,875,399. There seemed no hope of an early end of war and continued borrowing. In 1807 Lord Henry Petty, Chancellor of the Exchequer in the Grenville Ministry, proposed a new scheme of redemption.<sup>2</sup> He suggested a series of loans, spread in gradually increasing amounts over fourteen years, and reaching a total of £210,000,000. The charges for interest and redemption in respect of these loans were to be met from war taxes; every year the country was to pay 10 per cent. of the total debt incurred. To make up the deficit created by diverting war taxes to the payment of interest on these future loans Lord Henry Petty suggested supplementary loans, to each of which should be attached a 1 per cent. fund, as in Pitt's scheme. But in one point he departed deliberately from Pitt's principles; for he provided that, when the income of the sinking fund existing in 1807 should exceed the interest on the debt still unredeemed, the excess should in times of peace be at the disposition of Parliament. And in criticizing this measure the speakers of the Opposition proposed an alternative which was equally an abandonment—temporarily at least—of the principles of Pitt and Addington. They suggested that, whenever a loan did not exceed the total income of the

<sup>1</sup> H. of C., April 14, May 17, June 3, June 17, June 25, 1802 (*Parl. Hist.*, vol. xxxvi. pp. 889 sqq.). 42 Geo. III, cap. 71.

<sup>2</sup> H. of C., January 29, 1807 (*Parl. Deb.*, vol. viii. pp. 565 sqq.; resolutions, pp. 593 sqq.). 47 Geo. III, sess. 1, cap. 55.



sinking fund, the interest on the loan should be paid from the interest on the debt redeemed in that year by the Commissioners.<sup>1</sup> Both parties, indeed, seemed to agree that it was permissible to violate, partially or temporarily, the undertaking made in 1786. Lord Henry Petty's scheme did not, however, constitute a grave default from the principles laid down by Pitt. Certainly he foresaw that it would be possible eventually to apply a part of the original sinking fund to the redemption of fresh loans, and he planned systematically to use extraordinary revenues for the service of such loans. But on the other hand his scheme of redemption for such loans was much more rapid than that adopted for the loans of the first war. He calculated that each successive loan would be redeemed in fourteen years; so that, fifteen years after the last war loan, fifteen years after the establishment of peace, the country would find itself relieved of the whole burden of debt incurred since 1807.

Lord Henry Petty's scheme was approved, but the accession to power of the Tories in the following year led to its abandonment. The new Ministry redeemed with one hand and borrowed with the other. In 1809, Perceval raised a loan without imposing additional taxes to meet the payment of interest; he used for this purpose part of the proceeds of the war taxes.<sup>2</sup> From the beginning of the war to 1813 debt had been incurred to the amount of £245,004,157. Deducting redemptions of £143,205,441 the net additional burden of debt was £101,798,716. The war, however, seemed now to be nearing its end. Vansittart proposed and procured the acceptance of a new scheme to replace that of Addington.<sup>3</sup>

The sinking fund set up by Pitt in 1786 was to cease working when the whole of the outstanding debt had been redeemed. In 1786 the debt amounted to £238,231,248; and by 1813 the sinking fund had redeemed £238,350,144, being an excess of

<sup>1</sup> H. of C., February 12, 1807, Lord Castlereagh's resolutions (*Parl. Deb.*, vol. vii. pp. 725 sqq., and particularly pp. 743-4).

<sup>2</sup> H. of C., May 12, 1809, Perceval's speech (*Parl. Deb.*, vol. xiv. p. 535). 49 Geo. III, cap. 92.

<sup>3</sup> H. of C., March 3, 1809 (*Parl. Deb.*, vol. xxiv. p. 1078, and Appendix). 53 Geo. III, cap. 35.

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£118,895 over the debt of 1786. Vansittart then argued that according to the statute of 1786 a part of the National Debt amounting to £238,231,248 should be cancelled and the public relieved from paying interest on this amount to the Commissioners of the Debt. This proposal was open to argument; for the sinking fund which by 1813 had redeemed more than £238,231,248 was not the fund which Pitt had created in 1786. It dated from 1802, and resulted from the merger of the fund of 1786 with various other funds set up by Pitt at subsequent dates. Moreover, it had been increased, since 1802, by a series of special funds created for the redemption of fresh loans. So that the cancellation of all debt incurred before 1786 was rendered possible only because there had been borrowing on a large scale since that date. Vansittart further arranged that all debts incurred by borrowing since 1792 and since 1802 should be successively redeemed out of a common fund; and that, whenever debt had been redeemed to the amount of one of these loans, that amount of debt should be cancelled. Thus Vansittart departed once again from the system devised by Pitt. He used the sinking fund, which had been attached to the loan of a particular year to redeem the loans of previous years: whereas Pitt had wished that each loan should be accompanied by the provisions for its own redemption. But though Vansittart, on the one hand, relieved the taxpayer of the payment of interest on a debt of £238,231,248, on the other he arranged, by certain subsidiary measures, that the scope of the new sinking fund should be enlarged. He established a sinking fund of 1 per cent. for the £86,796,375 which had been borrowed between 1798 and 1802 without provisions for redemption. He established a sinking fund of 1 per cent. for floating debt not redeemed in the course of the year during which it was incurred. And finally he promised to redeem the National Debt more quickly than would have been possible under Addington's scheme. His calculations were to be strongly disputed;<sup>1</sup> but without such

<sup>1</sup> Hamilton, *Inquiry*, pp. 220 sqq. Ricardo, *Essay on the Funding System* (*Works*, ed. MacCulloch, pp. 525-6).

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a promise he would not have been able to gain for his proposals the assent of a Parliament which sincerely wished to carry out the undertaking of 1786.

The policy which had been devised thirty years before had now undergone considerable changes. The partisans of Pitt declared that Vansittart had altogether abandoned the financial canons laid down by his predecessor.<sup>1</sup> But we have seen that the changes made by Vansittart were circumspect, indeed almost timid. The British Parliament clung religiously—one is almost tempted to say superstitiously—to the practice of redemption, even at times when it was obliged to borrow more rapidly than it redeemed. From 1792 to 1802, £60,483,565 had been redeemed, but new indebtedness amounted to £328,777,730. From 1803 to 1813 redemptions were £143,205,441, as against new indebtedness of £245,004,063. There was fresh borrowing in 1813 and 1814. In 1815 the total debt of Great Britain was £678,847,661. If to this amount are added the Irish debt<sup>2</sup> and the debts incurred on behalf of the Empire and of Portugal<sup>3</sup> the total becomes £832,197,004 without including a floating debt of £68,580,524. The taxpayer hoped, now peace had come, that the cessation of borrowing and the rapid extinction of the debt would reward him for his fidelity to the principle of redemption. But would it really be possible, even in time of peace, to abstain from fresh borrowing? And if the Government, whilst redeeming with one hand, continued, with the other hand, to borrow more rapidly than it redeemed, was not the policy of sinking funds a mere deception?

<sup>1</sup> Allison, *History of Europe*, vol. ix. pp. 268 sqq.; vol. xvi. pp. 296 sqq.

<sup>2</sup> Irish Debt, interest payable in London, £133,677,146; interest payable in Dublin, £32,142,520. Total debt, £145,819,666.

<sup>3</sup> Loans on behalf of the Emperor of Germany, 1795 and 1797, £7,502,633; on behalf of Portugal, 1809, £27,044.

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### *Taxation. The Income Tax.*

In order to understand the critical situation of the English Treasury, and the financial problems in general which were being discussed in London during the early months of 1815, let us essay to unravel the complications of the Budget and to resolve into their essential elements the main resources of the Government.

The first class of resources composed what had been known since 1787 as the Consolidated Fund—a fund which was allotted, in the first instance and before any other payments were made, to meeting debt charges, the Civil List and a few other civil expenses. The civil expenditure charged to this fund was only about £1,500,000 as against £41,000,000 for interest on the funded debt and £2,500,000 for interest on the floating debt. All the permanent taxes, in other words those which did not have to be annually renewed by the House of Commons, were paid into the Consolidated Fund.

Of these *Customs* brought in about £5,000,000 and *Excise* about £18,000,000. These were taxes upon consumption imposed upon manufacturers, upon wholesalers and retailers, and upon importers of dutiable articles. Beverages of all kinds were taxed—beer, ale, cider, wine, vinegar, spirits—and also hops and malt, used in the manufacture of beer and ale. There were taxes on coffee, tea and cocoa, and also upon a large number of other articles which could not be classed as luxuries; tobacco, brass wire, candles, tiles and bricks, cloth and paper. *Stamp Duties* brought to the Consolidated Fund a sum of £5,500,000, of which a third was derived from judicial stamps and a sixth from succession duties.<sup>1</sup> The *Post Office*

<sup>1</sup> Stamp Duties were regulated at the beginning of 1815 by two Acts: 44 Geo. III, cap. 98, "An Act to repeal the several duties upon stamped vellum, parchment and paper, in Great Britain, and to grant new and additional duties in lieu thereof"—modified, in the whole of one part, by the important law 48 Geo. III, cap. 149, "An Act for repealing the Stamp Duties on deeds, law proceedings, and other written or printed instruments, and the duties

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contributed £1,500,000. The *Land Tax* was intended to be a tax on all income, whether derived from real or personal property. But so far as movables were concerned the tax had always been of limited application and, after a time, was allowed to lapse almost entirely. So far as other property was concerned Pitt, in 1798, limited the demand to a fixed amount for the whole of Great Britain, and allowed the assesses to redeem all future dues by a single capital payment made in Government funds at the price of the day. Consequently the yield from this tax could never increase; it could only diminish; and it amounted to hardly more than £1,000,000. *Assessed Taxes*, on the other hand, were of ever-increasing importance in the English Budget.<sup>1</sup> These were, in essence, sumptuary taxes, on male domestic servants, on dogs, on the licences of coach-builders and horse-dealers, on hair powder, on carriages and on armorial bearings; but they were imposed also upon houses and windows, constituting, in this class, a heavy burden on the mass of the population. The number and the rate of the Assessed Taxes had been increased from year to year and they now produced more than £6,000,000. Then came a series of taxes on pensions and salaries, on hackney carriages and hawkers. In all the total receipts of the Consolidated Fund were about £38,000,000. All this was required to meet the first charges on the fund. Current expenditure had to be met from other sources.

Such sources were found in the so-called "annual" taxes. According to constitutional usage the House of Commons

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on legacies and successions to personal estate upon intestacies, now payable in Great Britain; and for granting new duties in lieu thereof." These two Acts were amended and recast in 1815 by 55 Geo. III, cap. 184 (deeds, law proceedings . . . and duties on fire insurance), and cap. 185 (advertisements, newspapers, gold and silver plate, stage coaches, licences for keeping stage coaches).

<sup>1</sup> For a statement of the *Assessed Taxes*, see the Consolidating Acts, 25 Geo. III, cap. 47, 48 Geo. III, cap. 55 and Dowell, *History of Taxation*, vol. ii. pp. 189-90, vol. iii. pp. 155 sqq.



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affirmed their right of control over the public finances by reserving to themselves the power, every year, to grant or to refuse to the Government at least a part of the revenue required to meet the annual expenditure. In the 18th century the land tax and the duty on malt came under this head. But in 1797, when William Pitt allowed the redemption of the land tax<sup>1</sup> and fixed for ever its maximum yield, he changed its character from that of an annual to a permanent tax. In order, however, to preserve the constitutional safeguards, he placed in the category of annual taxes the new duties upon sugar, malt and tobacco. These duties yielded much more than the land tax; moreover, the duty on sugar was raised after 1797, and an annual tax was imposed upon pensions and salaries. But the whole yield of these taxes was not placed freely at the disposal of the Chancellor of the Exchequer. It was devoted to the amount of £3,000,000 to the repayment of Treasury Bonds; and the surplus, which for the year 1814 exceeded £2,000,000, was paid, in case of deficit, into the Consolidated Fund. To meet the normal expenses of Army and Navy it was manifestly impossible either to be content with, or to do without the "extraordinary" resources yielded by the war taxes which had been imposed for the past eighteen years. But these taxes expired by law a year after the establishment of peace. Would public opinion sanction their continuance? And if not, how was financial equilibrium to be attained?

The war taxes were derived, in the first place, to the amount of £3,500,000, from enhancements of customs duties; and there was no organized agitation for the reduction or the discontinuance of these duties. The Cabinet retained them after the establishment of peace by three successive Acts passed without opposition in 1814, 1815 and 1816,<sup>2</sup> and finally made them permanent. On the other hand, opposition was aroused by the proposal to raise the import duties on cereals. But the Cabinet, in proposing this measure, had regarded it

<sup>1</sup> Or rather of the greater part of the land tax. The part concerned with movables remained in the category of annual taxes.

<sup>2</sup> 54 Geo. III, cap. 64; 2955 Geo. III, cap. 33; 56 Geo. III, cap. 29

as a protection to agriculture against foreign competition rather than as a fiscal expedient. And the riot which occurred in London in February 1815 was not, in the strict sense, a protest by taxpayers against measures of taxation; it was rather a protest by manufacturers and workmen against the dominance of the landed interests.

Extraordinary taxation under the heading of *Excise* yielded £6,500,000. Now, throughout the 18th century excise had been the most unpopular form of taxation, not because of the objects on which it was levied, but because of the methods of collection and the annoyance caused to the taxpayer. If a brewer bought casks without telling the exciseman he could be fined or his plant subjected to confiscation. The distiller's casks had to be kept under lock and key by the exciseman. Similar control was exercised over the manufacture of glass, and over the preparation and marketing of tea, coffee and cocoa. It was not permissible without leave of the exciseman to make cocoa for personal use or to move tea from one shop to another.<sup>1</sup> It was illegal to move more than six pounds of tea after dark, except in a postchaise or in a licensed public vehicle. We have had occasion to explain why this bureaucratic interference was specially intolerable to the Englishman of 1815; yet it was not against the extraordinary excise duties that the displeasure of the taxpayer at that time was directed. One of these duties indeed, the extraordinary duty of 2s. 4d. on malt, offended the agriculturist, and had soon to be abolished. But the other duties—that on spirits, equal to half the ordinary duty; that on wine, adding 12s. to the ordinary duty of £32 11s. per cask; the extra 18s. superimposed upon the duty on French wines of £48 6s. per cask—were not of serious weight and were, moreover, of a sumptuary nature. Serious agitation, both in the country and in Parliament, was directed for the time towards another war tax, a tax inquisitorial in the same manner as the excise duties, a new tax more productive and therefore more dis-

<sup>1</sup> For administrative details see de Ranmer, *Exposé du Système de Contributions*, French trans. (from the German), pp. 152 sqq.

## ECONOMIC LIFE

agreeable than any of the others—the *Property Tax* or tax on income.

It was in 1798 that Pitt realized, for the first time after six years of war, that it was impossible to rely upon loans for all the resources necessary for a continuance of military operations. First he greatly increased the Assessed Taxes. In 1799, dissatisfied with the results so obtained, he decided to alter his system and to tax income instead of expenditure.<sup>1</sup> His *Income Tax*, which did not extend to incomes below £60, became gradually heavier on incomes between £60 and £200. From £200 upwards it was at the rate of 10 per cent. In its first form the *Income Tax* did not fulfil expectations. Pitt had estimated a yield of £10,000,000; but in 1801 he obtained hardly more than £5,500,000.<sup>2</sup> The tax was abolished by Addington after the Peace of Amiens, but was re-established in 1803 under the name of *Property and Income Tax*.<sup>3</sup> As in 1799, it did not extend to incomes below £60. Between £60 and £150 relief was given to the extent of one shilling on every pound by which the income fell short of £150, where the income arose from the exercise of a profession, from a salary or stipend, or was in any way the reward of personal labour. Above £150 the rate of tax was 5 per cent. Pitt raised it to 6½ per cent. in 1805,<sup>4</sup> and Lord Henry Petty to 10 per cent. in 1806.<sup>5</sup> In 1814 the *Property Tax*, established on this basis, brought in nearly £16,000,000,<sup>6</sup> more than one-third of all the war taxes put together.

The Government made every effort to avoid inquisitorial

<sup>1</sup> 39 Geo. III, cap. 13, § 8; 39 Geo. III, cap. 22.

<sup>2</sup> Dowell, *History of Taxation*, vol. iii, p. 95.

<sup>3</sup> 43 Geo. III, cap. 122.

<sup>4</sup> 45 Geo. III, cap. 15.

<sup>5</sup> 46 Geo. III, cap. 65. At the same time the taxable minimum was lowered from £60 to £50; and exemption was confined to the incomes of salaried workers. The relief given by Addington to assesses having more than two children was abolished; and incomes derived from real property were more strictly taxed.

<sup>6</sup> *Gross and Net Assessments of Property Tax*, April 24, 1815. Gross yield £15,795,961 10s. 8d., net yield £14,502,498 4s. 4½d.

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methods. From 1803 the tax was not imposed on the total income of the individual, but was assessed separately on incomes derived from different sources. The commissioners charged with the task of assessment were not, like excisemen or customs officials, paid by the central government. Chosen by the Commissioners of the Land Tax, who were appointed by a process of cooption from amongst the justices of the peace for each county, the income tax commissioners were themselves justices of the peace, landowners or large taxpayers who gave their services without reward. In 1803<sup>1</sup> it was even enacted that in certain cases the taxpayer should himself make his own return, and that if this return were questioned by the commissioners, the matter should be settled, not by them, but by arbitrators chosen by them and the taxpayer in agreement. And finally, after a decision had been given, the taxpayer was allowed by special rules, to pay his contribution into the Bank without disclosing his name. These provisions were subsequently abandoned because they were too complicated and because very little use was made of them. But in 1808 and in 1810,<sup>2</sup> after the fairly drastic income tax reforms of Lord Henry Petty, laws were enacted to protect assesseees, especially the owners of land and houses, against the inquisitorial methods of the tax collector. In spite of all precautions, however, the income tax was in universal disfavour.

Merchants, manufacturers and business men all complained of it; for though vexatious inquiries might be unnecessary for the assessment of incomes derived from real property or from the funds, they seem to have been unavoidable when estimating the financial position of a commercial house, of a factory, or of a bank. Baring, the banker, declared before the House of Commons that "for his own part he would much rather be summoned before the bench of bishops to give an account of his religious beliefs than appear before the commissioners under the property tax to answer their questions as to the exact amount of his

<sup>1</sup> 43 Geo. III, cap. 122, § § 110 sqq.

<sup>2</sup> 48 Geo. III, cap. 141; 50 Geo. III, cap. 106.

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worldly goods and chattels.”<sup>1</sup> It would have been most unwise, therefore, to arouse the enmity of the business world by maintaining this tax at the very time that the price of corn was being artificially raised in compliance with the demands of the agriculturists.

The agriculturists, on their side, protested against the Property Tax. They argued that, of all classes of taxpayers, they were least able to hide their true financial position,<sup>2</sup> and, moreover, that the method adopted for estimating their income was unfair. Incomes from the occupation of land were estimated at the average of the rent paid by the farmer to the landowner during the previous seven years.<sup>3</sup> When as in 1815, rents were falling rapidly and continuously, the farmers suffered; for their tax decreased less quickly than their income. Thus it was not only the business men of the City and the manufacturers of the big towns, but also the country gentlemen supported by their tenant farmers, who held meetings and signed petitions demanding the abolition of a tax which, like the excise duties of the past, was denounced as contrary to the principles of a free Constitution.

After four months of shuffling the Ministry at last capitulated in February 1815;<sup>4</sup> and Vansittart, the Chancellor of the Exchequer, introduced a Budget which contained no reference to a tax on incomes.<sup>5</sup> He estimated that the Con-

<sup>1</sup> H. of C., February 20, 1815 (*Parl. Deb.*, vol. xxix. p. 885).

<sup>2</sup> For the year 1814-15 the income derived from land under schedule A was estimated at £53,500,000 for England, and at £6,600,000 for Scotland. Professional incomes of all kinds, taxed under schedule D, yielded only £34,280,000 for England, and £2,770,000 for Scotland (Dowell, *History of Taxation*, vol. iii. pp. 104-5). But the disproportion is partly explained by the classification in schedule A of incomes from mines and metal works.

<sup>3</sup> 43 Geo. III, cap. 122, § 31.

<sup>4</sup> See Yonge, *Life of Lord Liverpool*, vol. ii. pp. 73, 77, 91-2; letters from Lord Liverpool to Lord Castlereagh, November 18, 1814; to Canning, December 28, 1814; to Castlereagh, January, 1815. For the efforts of the Cabinet to retain the tax, see also H. of C., February 9, 1815, Gascoyne's speech; H. of C., February 20, 1815, Tierney's speech (*Parl. Deb.*, vol. xxix. pp. 695, 875-6).

<sup>5</sup> H. of C., February 20, 1815 (*Parl. Deb.*, vol. xxix. pp. 854 sqq.).



solidated Fund, together with the amount earmarked from war taxes for the service of debt, would reach the total of £40,962,000, whilst the charges on that fund amounted to £37,543,000. There was thus a surplus of £3,419,000; to which might be added the annual duties imposed for repaying Exchequer Bills—perhaps £3,000,000—giving a total surplus of £6,500,000. On these estimates it was not possible to abolish the property tax and at the same time to assure financial equilibrium. Garrisons had to be maintained in the new Colonies; the Fleet required repairs on a large scale; the enormous increase of persons in receipt of half-pay or pension prevented the reduction of military expenditure below £19,000,000. Deducting £2,000,000 chargeable to the Irish Budget, £17,000,000 remained due, as against resources of only £6,500,000. There was a deficit of £10,500,000. It would have been possible to cover this by suspending the sinking fund—a solution which had been mentioned by the Press.<sup>1</sup> But Vansittart refused to adopt it. In proposing a whole series of taxes to meet the deficit—the retention of the war duties under Customs and Excise, new customs duties, an almost general increase of Assessed Taxes, higher postal rates, higher stamp duties—he declared that, by the abolition of the income tax and the retention of the sinking fund payments, the financial position would be daily improved. This would have been true had it been possible to avoid further borrowing. But a large loan was at once necessary to provide for the arrears of the year 1814. Then Napoleon returned from Elba; and Parliament was obliged to meet the war expenditure by continuing the Property Tax.<sup>2</sup> After Waterloo and the second entry of the Allies into Paris the Cabinet was obliged to contend with the same problems which it had faced six months before. It had to decide upon the possibility of retaining the income tax or of finding some other source of revenue.

<sup>1</sup> *Morning Chronicle*, February 1, February 13, 1815.

<sup>2</sup> 55 Geo. III, cap. 53, with an amendment intended to protect taxpayers' returns from publicity. (See § 5, for the words of the oath to be taken by Commissioners of Taxes.) Cf. H. of C., May 1, 1815 (*Parl. Deb.*, vol. xxx. pp. 1022-4).

## ECONOMIC LIFE

### *Local Rates. The Poor Rate.*

We have already seen that the burden of taxation in England was heavy; but it was rendered still heavier by items which do not appear in the Budget. Besides the *taxes* levied by the central government there were *rates* levied by the local authorities. The *County Rate*, the amount of which was fixed by the justices at Quarter Sessions, provided partly for the upkeep of the county bridges, partly for various expenses connected with justice and police. The *Highway Rate*, levied in each parish by the surveyor of highways, provided for the upkeep of roads. The *Church Rate* was levied by the churchwardens for the maintenance of the church, for the expenses of public worship and also for other items of parish expenditure. The *Militia Rate* supplied the pay of militiamen who agreed to replace those who had been chosen by lot. And finally the *Poor Rate* gave assistance to the poor of each parish. It was levied by the overseer of the poor in accordance with the celebrated Poor Law of Elizabeth, which had ever since been in process of amendment and expansion by new legislation. Ireland had no Poor Law. Scotland had one; but it was very strictly administered. In England alone was it considered that the poor, merely by reason of their poverty, had a right to parish relief.

The Poor Rate was much the heaviest of the local rates, and indeed it served as a basis for all the others. A *rate*, as its derivation implies, means a proportion; so many pounds shillings and pence per pound of assessable income. And the overseer, when assessing the Poor Rate, assessed, as subsidiary thereto, the Highway Rate, the Church Rate, the Militia Rate and the County Rate, on behalf of the competent authorities of the parish or the county. The rates, which had increased since the accession of George III, rose still more rapidly after 1792. Prison reform and the increasing need for transport facilities had led to a rise of the County Rate. The Militia Rate had been imposed in 1802 when the

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militia was reorganized. As for the alarming increase of the Poor Rate, it was due to various causes.

In each parish the administration of the Poor Law devolved upon the overseers. They were assisted by the churchwardens, who were, generally speaking, elected by the rate-payers assembled at a vestry meeting. This assembly of rate-payers had even obtained, in an increasing number of parishes, the right to take part in the election of the overseers and to control their expenditure. But as a rule the power of the vestry meeting to control the work of the overseer was very limited; and it was the justices who directed the general policy to be observed in the administration of the Poor Law. The justices to whom had always belonged the power to appoint overseers, had also the statutory right and obligation to check their accounts. And to the justices came appeals from poor persons who considered themselves to be unjustly treated by the overseers or the churchwardens of the parish,<sup>1</sup> or from rate-payers who were dissatisfied with the assessment of the rate or the distribution of the proceeds.<sup>2</sup>

Since the accession of George III the justices had been given still greater powers. They and their salaried subordinates controlled the workhouses and the poorhouses in which were lodged the persons in receipt of relief.<sup>3</sup> And besides the power of supervision entrusted to them by the legislation of the reigns of George I and George II, the justices were now given by new legislation the right to direct the details of administration. They could grant relief themselves, even where application had not been made in the first instance to the parish officials.<sup>4</sup> At first a justice could not give relief in this way for longer than a month; after which the relief might be continued from month to month by two justices. But an Act of 1815 extended the first period of relief to three months: after which two justices might prolong it for six

<sup>1</sup> 9 Geo. I, cap. 7.

<sup>2</sup> 17 Geo. II, cap. 3; 17 Geo. II, cap. 38.

<sup>3</sup> 22 Geo. III, cap. 83 (Gilbert's Act); 30 Geo. III, cap. 49; 50 Geo. III, cap. 50.

<sup>4</sup> 36 Geo. III, cap. 23.

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months.<sup>1</sup> Thus by the trend of legislation the justices were gradually empowered to direct the whole administration of the Poor Law. They fixed the number of persons who might be assisted and the manner in which assistance should be given, whilst the overseers became reduced to the status of mere rate collectors. It will be interesting to trace the effects of this administrative revolution which had been so slowly and gradually accomplished.

The Poor Rate was assessable on income; and the law under which it was levied seemed to imply that every sort of income might be assessed. This interpretation had indeed been confirmed by judicial decisions; but in practice no attempt was made to assess income derived from movables. Such income was of a fugitive character, which rendered it difficult of determination by the ill-educated persons who were appointed as overseers;<sup>2</sup> and in consequence the Poor Rate was assessed almost entirely on landed property. For this reason it would seem that the justices, who were necessarily, in view of the conditions of their appointment, wealthy land-owners of the county, would have administered the Law with economy. But in practice they had good reason for not doing so. In the first place the Poor Rate was not levied upon the owners, but upon the occupiers of the properties in question; and these occupiers, though sometimes owners, were generally tenants. The justices only paid rates, therefore, in respect of the estates which they occupied themselves; and, in respect of the large number of properties which were occupied by tenants, they were not affected by an increase of rates, except, indirectly and after some lapse of time, through the consequent fall of rents. In the second place, since the war, the justices and the landlords, the governing classes in general, and in particular those who administered the Poor Law, were obsessed by the fear that an agrarian revolution might occur in England as in France; not to speak

<sup>1</sup> 55 Geo. III, cap. 137.

<sup>2</sup> H. of C., February 21, 1817, Curwen's speech (*Parl. Deb.*, vol. xxxv. p. 520); *Report from the Select Committee on the Poor Laws*, 1817, p. 6; Adolphus, *British Empire*, vol. iii. pp. 569 sqq.

of an industrial upheaval which France had been spared in 1792. In their opinion the Poor Rate was an insurance against unrest; and they were prepared to pay an enormous premium to safeguard themselves against this terrible danger.

Thus may be explained the historical paradox that at the very time the new economic theorists were denouncing all systems of State charity as demoralizing and useless, at the time when the works of Malthus were being largely sold, the administration of the Poor Law was becoming every year more slack and more extravagant. What might be called the administrative socialism of bygone England was contained in two great Acts—the Statute of Apprentices and the Poor Law. The first had been repealed; but the second had never been so widely interpreted in favour of the poor.

The legislation of the war period contributed directly to the burden of poor relief. By a law of 1803, whenever a militiaman was called upon for service, the parish had to give to his wife and each of his children a weekly allowance equal to the current wage for one day's agricultural labour—such allowance not to be less than one shilling.<sup>1</sup> Indirectly a number of new measures tended to the same result. A series of Acts passed in 1795,<sup>2</sup> in 1809,<sup>3</sup> in 1811,<sup>4</sup> and in 1814,<sup>5</sup> made it more difficult for the local authorities to obtain relief from their burdens by expelling and returning to their native parishes poor persons who had but recently settled in the district. And this was not all; in the last years of the 18th century the whole spirit of the law had changed. The original statute of 1601 did not provide for assistance to the able-bodied poor except in return for work, and gave no right to relief except through the right to work. In pursuance of the same policy the law of 1722<sup>6</sup> empowered parishes, either singly or in groups, to set up workhouses, where the poor could either work for payment or if they declined this test, could be refused any assistance

<sup>1</sup> 43 Geo. III, cap. 47.

<sup>4</sup> 51 Geo. III, cap. 80.

<sup>2</sup> 35 Geo. III, cap. 101.

<sup>5</sup> 54 Geo. III, cap. 107.

<sup>3</sup> 49 Geo. III, cap. 124.

<sup>6</sup> 9 Geo. I, cap. 7.



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from the parish. But as soon as war had been declared with revolutionary France<sup>1</sup> the administration of the Poor Law began to be animated by a new spirit. We have already seen how, in 1795, the justices of Berkshire, whose example was followed more or less closely by their colleagues in the neighbouring counties,<sup>2</sup> decided that henceforth the Poor Law should be used indirectly to fix the level of wages. A minimum wage was to be calculated from the price of corn; and every worker whose wage fell below this amount was to receive from the parish relief sufficient to raise his income to the prescribed minimum. Next year Parliament passed two Acts to put the administrative decisions of the justices on a legal basis. On the one hand, as the Poor Rate was no longer sufficient to meet the expenses of relief, the local authorities were empowered, in certain conditions, to vary the amount of the rate according to the price of corn.<sup>3</sup> On the other hand, since the Poor Law, as interpreted by the justices, was no longer limited to providing work but had been extended to providing a normal wage for all, it was absurd to retain the old law under which applicants for relief had to seek work at a workhouse. These provisions of the law of 1722 were therefore repealed; and the principle of relief at the home of the applicant was legalized.<sup>4</sup> From this moment it was inevitable that the burden of public assistance should soon be past bearing.

From the scanty statistics available it may be estimated that the annual cost of poor relief from the end of the American war to the beginning of the war with France was about £2,000,000; and that all other expenditure met by the local authorities did not exceed £200,000.<sup>5</sup> After the Peace of

<sup>1</sup> The Act known as "Gilbert's Act" (22 Geo. III, cap. 83), had already relaxed, though it had not abolished, the principle of relief in return for work done. It did not oblige the applicant for assistance to seek for work in a workhouse.

<sup>2</sup> S. and B. Webb, *English Local Government*, vol. i. pp. 545 sqq.

<sup>3</sup> 36 Geo. III, cap. 10.

<sup>4</sup> 36 Geo. III, cap. 23.

<sup>5</sup> Poor Rate, average for years 1783, 1784, 1785, £2,167,750; County Rate, 1792, £218,185. See *Local Taxation*, 1839, p. 50.

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Amiens local taxation amounted to £5,348,205, out of which £4,267,915 was devoted to the relief of the poor. In 1813 the total was £8,646,841 and poor relief cost a little over £7,000,000. In 1814, in 1815 and in 1816 the two figures fell progressively. But the fall was only temporary; and parish relief continued to absorb an amount greater than had been sufficient in 1803 to provide for all the expenses of local administration. In 1817 it returned again to the figure of £7,000,000, and in 1818 it rose to £8,000,000, whilst local administration as a whole cost £9,320,000. And to realize the burden imposed upon the rate-payer it must be remembered that the assessments, made on a parochial basis, were extremely unequal, the rate in some parishes rising to forty or fifty shillings to the pound of assessable income.<sup>1</sup>

### *Economic Anarchy in England.*

Leaving out of account the £8,000,000 paid for poor relief and also the £8,500,000 paid by Ireland,<sup>2</sup> we find the English Budget amounting to £83,000,000.<sup>3</sup> Income tax brought in £15,000,000, representing, at 10 per cent., a total income of £150,000,000 for England, Scotland and Wales.<sup>4</sup>

<sup>1</sup> *Report from the Select Committee on the Poor Laws, 1817, Minutes of Evidence*, p. 86.

<sup>2</sup> The Irish Budget, even after 1800, was kept separate from the English Budget. It was only in 1816 that financial unity was added to political unity.

<sup>3</sup> Gross income, £83,436,765; net income, £75,324,084. The difference—£8,112,681—must not be regarded as representing only the cost of collection. It consists in part of money repaid by the customs authorities in the form of drawbacks.

<sup>4</sup> See especially *Edinburgh Review*, February 1822, No. 72, Art. 4, *State of the Nation* (vol. xxxvi. pp. 375–6), de Montveran (*Situation de l'Angleterre*, 1819, vol. i. p. 437), suggests for 1813 the figure of £159,584,500; but Colquhoun, in 1814 (*Wealth of the British Empire*, p. 126), gives an estimate of £430,521,372 (in which, however, Irish incomes are included). Fifteen years earlier we find the same uncertainties. In 1798 Pitt estimated the annual income of the nation at £102,000,000, after making a deduction of one-fifth in respect of certain sources of income so as to

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It would seem, then, that every year more than half the income of the nation was taken from the working classes and given to idle fundholders and to civil or military officials.<sup>1</sup> A great increase in the productivity of the nation rendered possible this almost extravagant rise in State expenditure. But the increase in national wealth was not continuous. It was subject to violent fluctuations and to sudden crises; and at such times the burden of taxation became intolerable.

There were crises in 1793, in 1797, in 1800, in 1803, in 1810—the most serious of all and finally in 1815. We have described how these disturbances originated. The banks were always ready to lend to manufacturers who asked for money; the manufacturers produced more than the markets could absorb; and, when the demand for goods became insufficient, factories closed, banks failed, and labourers died of hunger. The working classes, imbued with revolutionary ideas and spurred by misery, revolted in town and country. And to complicate matters there was open war between the Free Traders of the towns and the Protectionists of the country districts. The crushing weight of taxation only aggravated disorders which were inherent in the economic structure.

Sismondi visited England in 1817. He was a conservative, terrified by the spectacle of industrial revolution, and he predicted that, unless Governments could succeed in return-

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allow for persons who paid no taxation (*Parl. Hist.*, vol. xxxiv. p. 18). But a contemporary (*Three Essays on Taxation of Income*, etc., London, 1799, pp. 63 sqq.) disputes the accuracy of these figures and suggests the sum of £236,000,000.

<sup>1</sup> Robert Wilson, *An Inquiry into the Causes of the High Prices of Corn and Labour* (*Farmers' Magazine*, February 1816, vol. xvii. pp. 79–80). Cf. Cobbett's *Political Register*, September 12, 1810 (vol. xvii. p. 330): "If by the grips of taxation every grain of the surplus of a country be taken from the lowest class of those who labour, they will have the means of *bare existence* left . . . that surplus produce which should go to the making of an addition to their meal, or to the creating of things for their use, will be *annihilated* by those who do nothing but eat. . . . Such is the way in which *taxes* operate."

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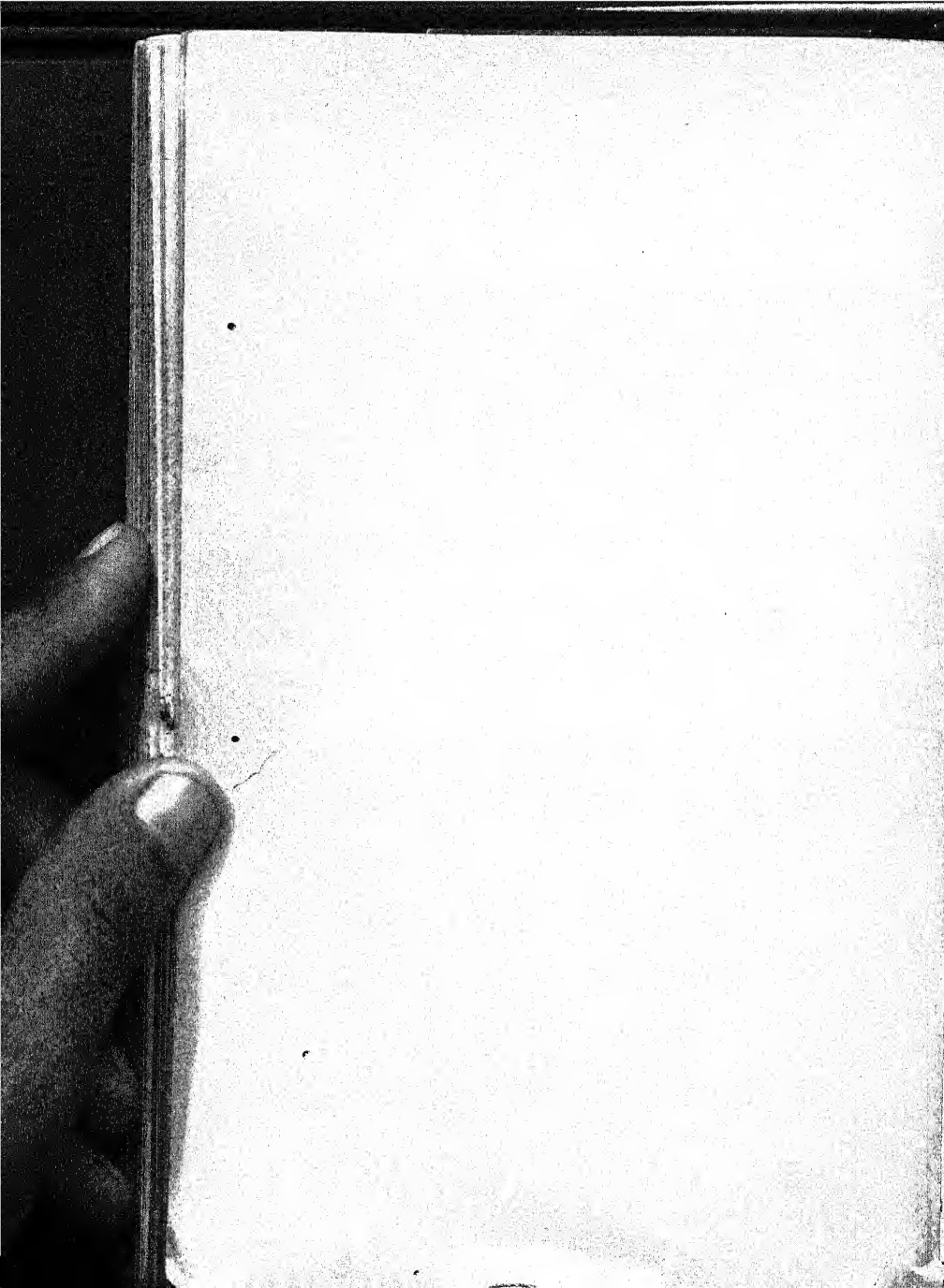
ing to a system of slow production and limited consumption, society would pass inevitably through crisis after crisis to the final upheaval in which a mob of angry workers would put an end to civilization. Thirty years later Karl Marx studied the British Industrial system, and availed himself, but as it were in a contrary sense, of the pessimistic conclusions to which Sismondi had come. He hailed the industrial revolution as the prelude to a social revolution which would, before the end of the century, free the masses, abolish the State and transform the conscience of the human race. It is hardly necessary to say that all economists did not agree with the conclusions of Sismondi and Karl Marx. In England, indeed, there arose an optimistic school which maintained that the unfettered growth of productive forces, unlimited competition, free industry and free commerce, would lead inevitably and without the occurrence of crises, to a complete economic harmony. But Ricardo was one of the leaders of this school; and the doctrines of Ricardo, elaborated in the years around 1815, were not so optimistic as would be thought from a perusal of the works of his followers. Everywhere he saw class wars; and it was from him that the theorists of Socialism were to borrow many of their formulas. The difference between him and the Socialists who utilized his writings was that he saw in these struggles the inevitable result of the working of nature's laws, and that he believed it was not possible for a Government to remedy such evils by legislation. The same economic facts aroused in every mind the same conclusions: that in the world of agriculture, of industry and of finance there was everywhere over-production, inequality in the distribution of wealth, liberty without law or restraint, a state of ceaseless revolution.

If the materialistic interpretation of history is to be trusted, if economic facts explain the course taken by the human race in its progress, the England of the 19th century was surely, above all other countries, destined to revolution, both political and religious. But it was not to be so. In no other country of Europe have social changes been accomplished with such

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a marked and gradual continuity. The source of such continuity and comparative stability is, as we have seen, not to be found in the economic organization of the country. We have seen, also, that it cannot be found in the political institutions of England, which were essentially unstable and wanting in order. To find it we must pass on to another category of social phenomena—to beliefs, emotions and opinions as well as to the institutions and sects in which these beliefs, emotions and opinions take a form suitable for scientific inquiry.





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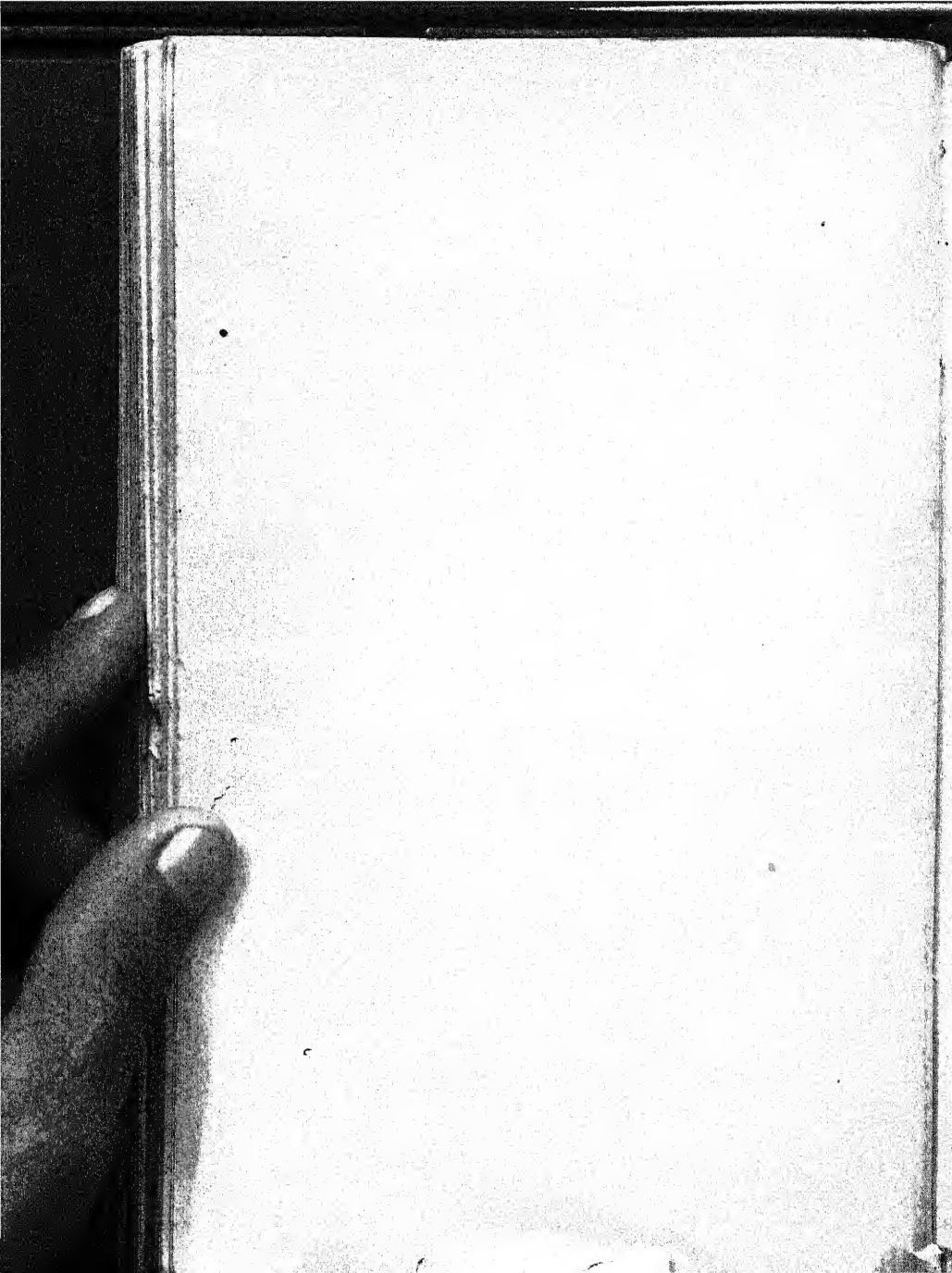
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